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Final Edition
ESTABLISHED OVER 100 YEARS
In 2 Sections—Section 1

The Commercial and
FINANCIAL CHRONICLE
Reg. U. S. Pat. Office

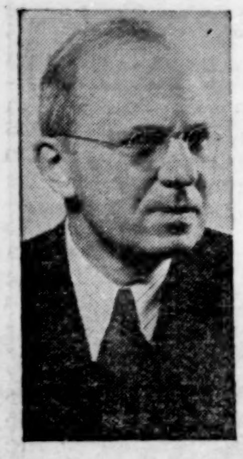
Volume 159 Number 4278
New York, N. Y., Thursday, May 4, 1944
Price 60 Cents a Copy

The Keynes-Morgenthau Plan As Revised By The Experts Of Thirty Nations

By BENJAMIN M. ANDERSON, Ph.D.

(Dr. Anderson is Professor of Economics at the University of California, Los Angeles. He was formerly Economist of The Chase National Bank of the City of New York. He is Consulting Economist of the Capital Research Company, Los Angeles, is a member of the Executive Committee of the Economists' National Committee on Monetary Policy, and is a member of the Post-War Committee of the California Commission on Interstate Cooperation.—Editor.)

The "Commercial and Financial Chronicle" asks me to comment upon the "Joint Statement By Experts on the Establishment of an International Monetary Fund" released by the United States Treasury on the evening of Friday, April 21, 1944. The plan proposed in this joint statement is, of course, an outgrowth of the Keynes Plan dated April 8, 1943, and the Morgenthau Plan released April 6, 1943. The Morgenthau Plan was subsequently revised[1] on July 10, 1943.


Benj. M. Anderson

I said in my address of May 11, 1943, that both the Keynes and the Morgenthau Plans were, in my opinion, British plans.[2] Both were Keynes plans.

The plan released April 21, 1944, is still a Keynes Plan, though it is quite possible that Lord Keynes may himself repudiate it. It does not provide for a world inflation in so simple a manner as the original Keynes plan does. The new plan would rather pave the way for a world inflation with a series of somewhat brutal interruptions, though the ultimate result might be expected to be the same, and although the first joyride could well be very intoxicating.

In one important point Lord Keynes has triumphed over Mr. Morgenthau. The original Keynes plan provided a new international currency called "Bancor" which was to be fixed in gold "but not unalterably," whereas Mr. Morgenthau's original "Unitas" was to be fixed in gold with no provision for alteration. The new plan drops both Bancor and Unitas but provides (IV, 5) that "an agreed

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[1] 1—The texts of these three documents will be found in the *Federal Reserve Bulletin* of June and September, 1943.

[2] 2—An address before the Los Angeles Chamber of Commerce, May 11, 1943. Since then I have discussed this problem in the light of subsequent developments in the *Commercial and Financial Chronicle* of December 16, 1943, and in an address before the Chamber of Commerce of the State of New York on February 3, 1944. Copies of these three documents may be obtained from the Economist's National Committee on Monetary Policy, 70 Fifth Avenue, New York City.

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Profits In A Strait-Jacket

By WILLFORD I. KING

Professor of Economics, School of Commerce, New York University
Member Economists' Committee on Reconversion Problems

That monetary inflation gradually undermines the whole system of private enterprise is well illustrated by the series of directives being issued from Washington by the Office of Economic Stabilization. Any competent student of economics knows that the relationship of profit to the system of free enterprise is much like the relationship of gasoline to the automobile—that profit, like gasoline, makes the machine go. When the motivating agent is lacking, the machine stops. But inflation is likely to lead to price regulation, and price regulation almost inevitably leads to limitation of profits. That such is the case is illustrated by the sequence of events connected with price regulation in the field of manufacturing.

Willford I. King

On Nov. 16, 1943, Mr. Fred M. Vinson, Director of Economic Stabilization, directed Donald M. Nelson, Chairman of the War Production Board, and Chester Bowles, Administrator of the Office of Price Administration, to take steps "to insure the production of adequate supplies of essential consumer goods" in those cases in which "existing maximum price regulations constitute a serious impediment to the effectuation of the production programs." In such cases, the Office of Price Administration was ordered, when necessary, to "allow price increases beyond the minimum requirements of law"—such price increases to be approved by the Director of Economic Stabilization. However, permission for such increases was to be granted

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Post-War Financial Problems And Outlook

Stock Exchange Head Not Concerned Over Wartime Fiscal Policies Impairing Purchasing Power Of Post-War Dollar—Sees Need For Balancing Federal Budget When War Terminates—Says Banks Are Or By Next Year Will Be Subject To Excess Profits Taxes

Speaking informally at a luncheon meeting of the Bond Club of New York on May 1, Emil Schram, President of the New York Stock Exchange reviewed the important and pressing problems which will confront the country during the period of post-war conversion and the readjustment to a peacetime economy. After pointing out the part played by members of the Bond Club in influencing industrial thoughts and policies, because of

Emil Schram

(Continued on page 1821)

In This Issue

Special material and items of interest with reference to dealer activities in the State of Pennsylvania appears on page 1826.

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Gold In Post-War Monetary Plans

Dr. Edwin W. Kemmerer Outlines Eleven Principles Of Monetary Policy, Comprising International Monetary Cooperation With Voluntary Adoption Of National Monetary Units To Conform To Each Country's Needs; The Establishment Of A Simple, "Fundamentally Automatic" Gold Standard, With Convertibility Of All Currency Into Gold, And Elimination Of Restrictions On Gold Movements And Exchange Rates—Holds Central Bank, Free From Government Domination, Should Be Sole Monetary Authority—Favors An "International Central Bank"

E. W. Kemmerer

Dr. Edwin W. Kemmerer, Emeritus Professor of International Finance in Princeton University, and President of the Economists' National Committee on Monetary Policy appeared before the Foreign Affairs Committee of the House of Representatives on April 26 and gave testimony regarding the position of gold in post-war monetary planning. Some of the major points discussed by Professor Kemmerer are to appear in his forthcoming book, entitled "Gold and the Gold Standard". His statement before the Congressional Committee follows:

At the end of the war the world will be confronted with the problem of rehabilitating its monetary systems and of thereby bringing order out of the monetary chaos which the war has created. Many different kinds of monetary standards will have their advocates and the debate will be a vigorous one in terms both of light and heat. Discussions of the problem at this time should contribute to the formation of an intelligent public opinion and our own country should be prepared to act promptly and effectively in meeting its own great responsibility in the field of post-war monetary reconstruction.

The first requirements of any post-war monetary standard that can be wisely adopted internationally and maintained for any considerable time is that it shall have the confidence of the people. It should be free from international jealousies. Like Caesar's

(Continued on page 1830)

Riley and Wright Head F. H. Koller Depts.

F. H. Koller & Company, Inc., 111 Broadawy, New York City. announce the association with their firm of William G. Riley as manager of the trading department and R. M. Wright as manager of the wholesale department. Mr. Riley was formerly with T. J. Feibleman & Company, and Peter P. McDermott & Company. In the past he conducted his own investment business under the firm name of W. G. Riley & Co. Mr. Wright was with Schluter & Company, Inc., L. G. Smith Company, and was a partner in R. M. Wright & Company.

Beckhart Presents A Post-War Monetary Stabilization Plan

Chase Bank Economist Proposes Establishment Of A Foreign Credit Administration, Similar To That Contained In Resolution Of Congressman Chas. E. Dewey—Sets Forth Six General Principles To Be Followed And Offers A Five-Point Criticism Of The "Experts International Monetary Fund"

B. H. Beckhart

Professor B. H. Beckhart, Director of Research of the Chase National Bank of New York, Professor of Banking at Columbia University and a member of the Economists' National Committee on Monetary Policy appeared by invitation before the Committee on Foreign Affairs of the House of Representatives on April 27th to give testimony on the House Joint Resolution (No. 226) introduced by Congressman Charles S. Dewey of Illinois to establish a revolving fund of $500,000,000 to provide for post-war financial stabilization and financial assistance to foreign nations. At the same time, Dr. Beckhart presented on his own responsibility to the Committee a critique of the International Stabilization Fund proposed by the United Nations' Experts, and released by Secretary of Treasury Morgenthau on April 21st.

Dr. Beckhart's prepared statement before the Committee follows:

"Congressman Dewey's proposals can best be viewed against the background of the entire role of the United States in international finance and economic relationships in the post-war period. In other words they constitute one of a series of important actions which this Government might undertake in the extension of financial assistance to foreign nations.

"Accordingly, I should like to set forth a few general principles which might be given consideration in the development of our international financial and trade policies:

1. In extending aid to foreign nations we should distinguish very carefully between gifts and loans, between the financial aid which we extend to relieve human suffering and distress and for which we do not expect repayment, and the financial aid which we extend for economically productive purposes and for which we expect repayment. Nations occupied by the Axis powers will stand in desperate need

(Continued on page 1838)

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25 Spruce Street, New York 8
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Herbert D. Seibert,
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Thursday, May 4, 1944

Published twice a week
every Thursday
(general news and advertising issue)
and every Monday
(complete statistical issue—market quotation records, corporation, banking, clearings, state and city news, etc.)

Other Offices: 135 S. La Salle St., Chicago 3, Ill. (Telephone: State 0613), Western Representative; 1 Drapers' Gardens, London, E. C., England, c/o Edwards & Smith.

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Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of March 3, 1879.

Subscriptions in United States and Possessions, $26.00 per year; in Dominion of Canada, $27.50 per year; South and Central America, Spain, Mexico and Cuba, $29.50 per year; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year.

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Latest Score In Poll On NASD 5% Mark-Up Rule: 837 Opposed; 149 In Favor

The above caption is self-explanatory, containing as it does the current results of the poll conducted by the "Chronicle" to ascertain the views of the NASD membership on the Association's 5% mark-up rule. These results of the survey warrant two conclusions: (1) the abject fallacy of the statements by Association officials to the effect that only a "small misguided minority" do not favor the so-called "philosophy," and (2) that the Board of Governors can no longer fail to heed the demand of an overwhelming majority of its members that the rule be rescinded without further delay. For the record, we give here the latest results of the balloting, which includes votes cast up to and including May 3, 1944:

RETURNS FROM NASD MEMBERS

Total Ballots Cast	986
Number Favoring 5% Rule	149 or 15.1%
Number **Opposed** to 5% Rule	837 or 84.9%

N.A.S.D. Catechism

With Hamlet we soliloquize, "To be or not to be." That was a real issue when the N.A.S.D. was aborning. The history of the machinations behind the activities which brought it into being would make an interesting record and a revealing one to the suckers, some of whom are being hoisted by the petard they support, and more of whom will be increasingly destined to meet the same fate. What an astonishing view a behind the scenes picture would be! Perhaps some day it will be told.

In the meantime, we have our lesson, and here goes.

Question 1: Is the N.A.S.D. a private association intended to protect its members?

Answer: No. Because if it were
- a) There would be no need for an enabling law such as the Maloney Act, and
- b) It would be powerless to exercise legislative functions such as it has done through the medium of its "5% spread philosophy."

Question 2: Is the N.A.S.D. a strictly public body?

Answer: No. Because it has dues paying members, whom it assesses for the maintenance of organization.

Question 3: What is the N.A.S.D.

(Continued on page 1821)

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Congressman Dewey On Post-War International Rehabilitation

Supports Before House Committee On Foreign Affairs His Resolution For $500,000,000 Revolving Fund—Opposes United Nations International Stabilization Plan And Urges Preservation Of Our Gold Reserve—Advocates Freedom of American Action

Representative Charles S. Dewey, Republican of Illinois, appeared before the Foreign Affairs Committee of the House of Representatives on April 25 in support of his resolution (H. J. Res. 226) to provide for a reconstruction fund to be used in joint account with foreign governments for rehabilitation, stabilization of currencies and reconstruction. The resolution calls for an initial revolving fund of $500,000,000 to be administered by a board of governors consisting in part of representatives of various government departments and organizations.

Rep. Chas. S. Dewey

Mr. Dewey's statement in substance follows:

I think we must have some means of world stabilization; we must have some means of world cooperation, but I have not been particularly impressed by the academic approach that has so far been had. I am not particularly impressed by an international conference representing, as was stated on Thursday last when the Secretary of the Treasury mentioned his plan of some 30 nations, which would sit together and discuss these plans.

I have the greatest admiration for the practically selfish approach of the representatives of other nations. They are only doing their duty that they should

(Continued on page 1836)

Securities Dealers Committee Sees Small Business In Jeopardy

Petitions SEC For Public Hearings On NASD 5% Rule

A petition was served on May 2 upon the Securities and Exchange Commission by the recently formed Securities Dealers Committee asking for public hearings and revocation of the "5% spread rule" passed by the Board of Governors of the National Association of Securities Dealers. The action, it is noted, represents the first formal step taken by the Committee to bring about the abrogation of the rule and is in line with its stated objectives to combat all such proposals which it believes are really harmful to the securities business and against the public interest.

The petitioners are William S. Baren, Baron G. Helbig and Benjamin S. Lichtenstein, who represent a group of dealers and brokers from all parts of the country, formally known as the "Securities Dealers Committee," which is being supported by nation-wide voluntary contributions. They claim the issues involved are not limited to the securities field but are national in scope, may affect our whole economy and have a distinct bearing on the post-war reconstruction period, because the rule invoked by the NASD prevents the financing of small business, destroys competition and aids in the dissemination of monopolistic practices.

Purport of the Rule

Last fall, the Committee points out, the NASD, by its governing board, passed a rule which, in effect, places a ceiling upon spreads between the purchase and sales prices in the securities field. The effect of this will be to gradually destroy the small dealers, since the profit motif is entirely disregarded and the cost of doing business in many instances is larger than the 5% limitation which has been fixed.

It is claimed that this rule, if

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Public Service Company of Indiana, Inc.	1st 3¼'s	due 1973
Sioux City Gas and Electric Company	1st 4's	due 1966
Utah Power and Light Company	1st 3¾'s	due 1968

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Dealers Cite Reasons Why NASD 5% Rule Imperils Small Business

Emphasize That Attempt To Limit Gross Spread To 5% Will Kill Interest In Capital Issues Of Smaller Enterprises

The fact that approximately 85% of the members of the NASD are unalterably opposed to the Association's 5% mark-up rule was developed in the poll of the membership recently undertaken by the "Chronicle", current results of which will be found on page 1819. Of equal significance, however, is the further disclosure that the bulk of the comments received on the subject hold that the rule, if it stands, will virtually close the doors of the capital markets to the nation's smaller businesses. In this connection, we give further below some more of the expressions that have been received from members of the NASD. Others appeared in our issues of April 13, April 20 and April 27. Apropos of the rule itself, mention is made of the fact that, as reported in detail elsewhere in today's issue, the recently formed Securities Dealers Committee has petitioned the SEC to hold public hearings on the measure. This represents the Committee's initial formal action in its campaign to work for the abrogation of the rule and the correction of other measures which it deems equally injurious to the welfare of the entire securities industry.

With respect to the additional comments herewith regarding the effect of the rule on markets for securities of smaller enterprises, it should be noted that the name of the city or town preceding the dealer's comments was obtained from the post-mark appearing on the envelope in which the questionnaire was returned. In cases where publication of the name of the community would tend to identify the firm (as in places where only one firm exists), the point of origin is indicated by using the phrase, "A Small Maine Town," as an example, or its equivalent.

CHICAGO, ILL.

It will limit the marketability and trend toward weaker bids and lower prices.

SMALL TOWN IN ILLINOIS

We believe the effect this rule will have on the market of the smaller corporations of the country will be definitely adverse.

The securities of smaller corporations as well as most over-the-counter securities demand relatively greater investigation, study, attention and research work first, in the proper selection thereof for proper distribution or recommendation to customers and, second, in the constant checking of current conditions and future prospects in behalf of customers holding same. This applies, of course, to a substantial degree for larger or well-known listed issues; however, we believe, it is academic that the smaller issue or the normal unlisted security demands much more of the dealer's time and special data gathering.

Also, because of the plain fact that to retail such issues demands much more discussions, sales effort and specialized knowledge, before such issues can be placed. However, experience has shown that many of these issues prove to be much more satisfactory and profitable to customers than many larger, well known or listed issues.

We believe that one of the chief faults of a 5% mark-up rule is that it places the emphasis on percentage of profit (gross profit) to the dealer, rather than on the percentage of profit, satisfaction and security to the investor or speculative customer. A 2% mark-up or profit to a dealer or salesman is quite dear, if the security is poorly selected or judged, and the customer loses 50% of his capital. A 10% mark-up or gross profit is cheap if the security, because of

(Continued on page 1834)

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American La France
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A. A. Fraser With U. S. Trust Co. In N. Y.

Alfred A. Fraser, III, has become associated with the investment department of the United States Trust Company, New York. He formerly did analytical work in the buying department of the Lee Higginson Corporation.

Alfred A. Fraser III

Complete Secondary Distribution Of Amer. Gas & Elec. Common

Secondary distribution was effected on May 2, 1944 by Paine, Webber, Jackson & Curtis, 25 Broad Street, New York City, and Coburn & Middlebrook, 1 Wall Street, New York City, of a block of 15,000 common shares of American Gas and Electric Co. at 27⅝ with a dealer concession of 75c per share. The offering was immediately oversubscribed.

Cruttenden Co. Opens Los Angeles Office

Cruttenden & Co., 209 South La Salle Street, Chicago, Illinois, members of the New York and Chicago Stock Exchanges, announce an expansion of their facilities as underwriters, distributors and brokers in listed and unlisted securities through the opening of an office in Los Angeles, Calif. at 634 South Spring Street.

The new office will be under the supervision of John B. Dunbar partner of the firm.

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National Gas & Electric
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Bosworth An Officer Of Ball, Coons & Co.

CLEVELAND, OHIO — Ball, Coons & Co., investment bankers, Union Commerce Building, announced the appointment of Richard W. Bosworth as an officer of the company in charge of their investment and account analysis department.

Mr. Bosworth is a graduate of Oberlin College and Harvard Graduate School of Business Administration. Until 1933 he was manager of the statistical department of the Union Trust Co. Since then he has been with the National City Bank, of Cleveland, where he was assistant vice-president in the investment division in charge of trust investments.

At Ball, Coons & Co., Mr. Bosworth will continue investment work similar to that in which he has been engaged for the past 19 years.

Mr. Bosworth is a son of the late Dean Edward I. Bosworth, of Oberlin. He is a director of the Forest City Products Co. and a trustee of the Cleveland Society for the Blind.

Now Wm. S. Baren Co.; A. A. Smith With Firm

William S. Baren is now doing business as William S. Baren Company and has moved to larger quarters at 42 Broadway.

A. Albert Smith, formerly with Hunter & Co. and prior thereto with Dimpel, Hulsebosch & Co., is associated with the firm.

Mr. Baren is a member of the Securities Dealers Committee which was recently organized to fight the NASD 5% rule and other measures inimical to the stock and bond business.

Patton With Byllesby

H. M. Byllesby and Company, Inc., 111 Broadway, New York City, announce that Leo M. Patton has become associated with them. Mr. Patton was previously with Lee Higginson Corp. and M. J. Meehan & Co.

Armin A. Bohn Joins Merrill Lynch Co. Staff

(Special to The Financial Chronicle)

INDIANAPOLIS, IND.—Armin A. Bohn has become associated with Merrill Lynch, Pierce, Fenner & Beane, Fletcher Trust Building. Mr. Bohn was formerly with Fisher & Co. and was an officer of Fisher, Bohn & Co.

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Trading Markets
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MR. R. M. WRIGHT
as manager of our Wholesale Department
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N.A.S.D. Catechism

(Continued from page 1819)

Answer: We have been trying to get the Board of Governors to state their position, but they won't tell. They seem to play up the public, private, or quasi-public nature of their activities, depending upon the instant tune which pleases them best.

Question 4: In the organization of N.A.S.D., how far have the democratic processes been observed?

Answer: Rather than give you the absolute negative in reply, we state some facts for you to mull over.

As we know, in true democracies, the reservoir of power is in the governed, the people. That is axiomatic and explains why in our constitutional form, the powers which were not expressly granted to the Federal Government were deemed to have been reserved to the several states.

How does the N.A.S.D. handle this problem?

We quote from its certificate of incorporation:

> "Eighth * * * In furtherance and not in limitation of the powers granted by statute, the Board of Governors is expressly authorized unless the by-laws otherwise provide: To make, alter or repeal the by-laws of the Corporation."
>
> "Tenth—The Corporation reserves the right to amend, alter, change, or repeal any provision contained in this certificate of incorporation, in the manner now or hereinafter prescribed by statute, and all rights conferred upon members are granted subject to this reservation."

As is plain from these quotations, the Board of Governors and not the members constitute the mainspring of power, and the by-laws have been cleverly drafted with this ideology in mind. Small wonder then that the "5% rule" can be flaunted, whilst these Board members persist in their refusal to explain what conferences their representatives had with S.E.C. to bring about this "philosophy."

You will observe that the rights of members are subject to reservations in favor of the Board. WE DON'T CHOOSE TO CALL THAT "DEMOCRATIC."

Then there is this other vital and dangerous situation, N.A.S.D. members are given certain exclusive privileges such as participation in underwritings, and dealing amongst themselves upon more favorable terms. From these, non-member dealers and brokers are excluded. This type of special legislation of monopolistic origin must not endure. It renders decadent the very fabric of our democratic processes.

Now, then, trials by one's competitors, by the members of the Business Conduct Committee in the very area wherein one is doing business—these certainly are a negation of what we have learned to regard as fair.

We can go on, but why? In the formation of the N.A.S.D., the flame of democracy sputtered low. Lastly, was there, is there, need for the N.A.S.D.? IT MUST BE PLAIN BY NOW, THE ANSWER IS NO.

The fact that the Board of Governors of this hybrid has saddled the securities field with the illegally conceived "5% rule," and has had the insulting and continuing temerity to persist in its enforcement despite the knowledge brought home to it that a large majority of the members opposed this "philosophy" is in itself an answer.

As we see it, outside of certain special monopolistic privileges of doubtful value or legality, those police powers which the N.A.S.D. seeks to exercise are more fully possessed, and capable of honest exercise by the S.E.C. Whilst there is much to be desired in the S.E.C. set up, still it is decidedly to be preferred over N.A.S.D., being a public administrative body, with trial commissioners who give full time to its work, and who are in no sense competitors of the defendants. Support is by Congressional appropriation, not by private exactions claimed to be voluntary, but really exchanged for special monopolistic privileges.

The autocratic attitude of the Board of Governors of the N.A.S.D. in flagrantly disregarding the views of its members, has gained no friends for it.

IN OUR OPINION, THERE IS NO NEED FOR THE N.A.S.D.

Post-War Financial Problems And Outlook

(Continued from first page)

their contacts with investors, Mr. Schram said:

I should like to consider with you today some of the questions that are in all of our minds concerning the shape of things to come after the war has been won. I shall first touch, briefly, upon the major developments that will occupy us during the months that must ensue until our victory has become final and, beyond victory, until the transition from war to peace has been completed.

We may expect that the defeat of Germany will precipitate a sharp decline in the volume of industrial production. Following victory over Japan, a further decline would seem likely, and this may carry our industrial output quite rapidly to the transition low level.

All of this decline, of course, will be in the production of war goods, for production of peacetime goods will begin to expand immediately after the defeat of Hitler and even when the aggregate output is at the transition low point the production of peacetime goods should have been greatly expanded. Full recovery from the low point should require not more than six or eight months and my estimate is that when this recovery is complete our aggregate production will be at least 20% higher than it was in 1940.

You will recall that the Baruch-Hancock report gave preliminary estimates that only about one-fifth of the nation's industrial capacity would involve a physical changeover problem. Assuming that this estimate is approximately correct, some of our most important industries will require time, labor and a considerable expenditure of capital to return completely to normal operations. Unquestionably, a substantial amount of peacetime goods will be produced soon after hostilities in Europe cease, particularly if there should be, as we expect, a time lag between the coming of peace in Europe and the defeat of the Japanese. A gradual, rather than an abrupt conversion, would thus occur. But, from the industrial opinion which I have gathered, it would seem that, however the transition begins, the products likely to be in heaviest demand are in the 20% area where the physical changeover of machines will be slowest and most onerous. Motor cars, household and other equipment, factory machine replacements and the like are the goods to which I refer; and surveys of consumer requirements, I understand, indicate that it is in such products that the most clamorous demand will develop.

Now, we hear a great deal about the problems of the transition period. The chief problem for large numbers of our people of course, will be that of shifting from war jobs into peacetime jobs. If this is to be accomplished without prolonged dislocation, we must make speedy reconversion our main objective as soon as victory is in sight. This means that the Government must be prepared to cancel war contracts the moment the goods are no longer needed by our military forces. It means that there must be in readiness a procedure for prompt payment of amounts due under such cancelled contracts, and it means that manufacturers whose plants are wholly or partly freed from war production must be permitted immediately to use available materials and manpower to begin the production of civilian goods.

The problem of providing employment for all who are able and willing to work will dominate all other political, economic and social problems, not only in the transition period but in the post-war period beyond as well. Surely the will to work under good conditions and at a just wage need not be denied fulfillment in this great country, possessed as we are with magnificent productive facilities, the finest of scientific and managerial skill and an abundance of natural resources. We know that the problem of providing jobs cannot be solved unless we are farsighted and intelligent in putting our house in order. The first step in that direction is to prepare a sound tax program, to become operative upon the termination of hostilities. Such a tax program as I have reiterated so much that I am afraid the subject is becoming tiresome, would provide definite incentives to post-war business.

Our taxes must be so revised as to remove impediments to the free flow of short-term credit and long-term capital, which is the life blood of progress in this country. In this connection, I am reliably informed that many of the banks are, or by next year will be, subject to the excess profits tax so that, in effect, they will retain but 5% of the return received on future increases in the holding of taxable Government obligations and commercial loans.

(Continued on page 1824)

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Harriman Ripley Adds W. B. Coy In Boston

BOSTON, MASS.—William B. Coy is now with Harriman Ripley & Co., Inc., 30 Federal Street. Mr. Coy was previously with E. H. Rollins & Sons, Inc., and was a Vice-President of Merchants National Bank of Boston.

Attractive Situation

H. H. Robertson Company offers an attractive situation (the issue is tax free in Pennsylvania), according to an interesting memorandum being distributed by Buckley Brothers, 1529 Walnut St., Philadelphia, Pa., members of the New York and Philadelphia Stock Exchanges. Copies of this memorandum may be had upon request from Buckley Brothers.

Attractive Situation

The current situations in Loft Candy Corp., Majestic Radio and Television, and Allen du Mont Laboratories offer attractive possibilities according to a memorandum issued by J. F. Reilly & Co., 111 Broadway, New York City. Copies of these interesting memoranda may be had from the firm upon request.

"SUGGESTIONS"
We will be pleased to make suggestions to dealers who are interested in the retail distribution of Real Estate Securities.
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Real Estate Securities

By JOHN WEST

New York Athletic Club First Mortgage Fee Bonds Pay Interest Arrears From Increased Earnings

Three Months' Earnings Of Current Fiscal Year Indicate 3% Interest and Approximately $200,000 Sinking Fund

On April 8, 1944, the Corporate Trustee received funds which together with previous receipts were sufficient to pay all current real estate taxes and to liquidate the balance of interest arrears. In view of the fact that all arrears have been liquidated and no defaults now exist, the agreement of July 9, 1942, between the Club and the Trustee under which the latter received the net revenue each month, is no longer in effect.

Following default in the payment of the semi-annual interest due June 1, 1942, efforts of the Club to improve its financial condition showed results which were encouraging. The Travers Island property which had in previous years shown an operating loss was closed and subsequently leased to the U. S. Navy on terms which result in a net income. Several rooms and athletic facilities in the New York City property were rented to the Air Transport Command of the Army Air Force. In addition, while membership had been decreasing for some time, this trend was halted and membership increased; in fact, as of Feb. 29, 1944, the total was 4,757 as compared to 4,127 as of Feb. 28, 1943.

All of these factors have enabled the Club to work out its difficulties without foreclosure and reorganization and the expense that would have been the result of such procedure. Fixed interest requirements amount to 2% per annum, 1% payable June 1 and 1% Dec. 1. 1% additional interest is payable, if earned, on Feb. 1 with any surplus applicable to sinking fund until the issue is reduced to $4,000,000, thereafter fixed interest increases. Based on three months of the current fiscal year, earnings indicate payment of the additional interest and about $200,000 available for sinking fund purchase and retirement of bonds.

To show the trend of earnings, the following comparison is interesting.

	Years Ended Nov. 30	
	1943	1942
Net before interest	$211,544.86	$12,722.14
Fixed interest	90,972.00	90,972.00
Excess over fixed interest	$120,572.86	
Deficit		$78,249.86
	Three Months Ended	
	Feb. 29, 1944	Feb. 28, 1943
Net before interest	$83,858.20	$49,725.38
Fixed interest	22,743.00	22,743.00
Excess over fixed interest	$61,115.20	$26,982.38
Depreciation book charges	28,401.66	28,401.67
Excess over interest and depreciation	$32,713.54	
Deficit		$1,419.29

Security for these bonds is the following:

1. A first mortgage on land owned in fee occupying the entire block front on the east side of Seventh Avenue, New York, between 58th and 59th Streets, and the 22-story clubhouse erected thereon overlooking Central Park. The land fronts 200 feet on Seventh Avenue, running back to a depth of 100 feet. The building contains all the usual appointments of a club, such as a swimming pool, gymnasium, squash court, indoor running track, lounge, library and dining rooms. The upper floors are designed as living quarters for resident members.

2. A first mortgage on 17 acres of land, the country clubhouse erected thereon, located on Travers Island, situated in Pelham and New Rochelle, Westchester County, New York, with facilities for outdoor sports. (This property has development possibilities in the post-war era.)

The encouraging feature in this situation, we believe, is the continual monthly uptrend in membership which creates a backlog of earnings to meet fixed charges. At the present level in the low 30s, the bonds should have appeal.

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Laurence Simonds With Brown Bros. Harriman

BOSTON, MASS.—Laurence W. Simonds has become associated with Brown Brothers Harriman & Co., 10 Post Office Square. Mr. Simonds was formerly with Robert S. Morris & Co. and was a partner of Cooley & Co. of Hartford.

Attractive Speculation

Purolator Products, Inc., common stock appears attractive on a speculative basis at prevailing price levels, according to a memorandum on the situation just issued by Ward & Co., 120 Broadway, New York City. Copies of this memorandum may be had from the firm upon request as well as circulars on the following:

Du Mont Laboratories "A"; Merchants Distilling; Crowell-Collier Publishing; P. R. Mallory; General Instrument; Long Bell Lumber Co.; Great American Industries; Mid-Continent Airlines; Massachusetts Power & Light $2 preferred; Majestic Radio; Magnavox Corp.; Brockway Motors; Consolidated Dearborn; National Airlines; Chicago and Southern Airlines; American Export Airlines; Northeast Airlines.

Guests of NYSE

Six members of Parliament, Herbert W. Butcher, Frank Collindridge, Ralph Etherton, Lord Listowel, Major S. Frank Markham and Colonel E. T. R. Wickham, were the guests on May 1 at the New York Stock Exchange of Emil Schram, President, and John A. Coleman, Chairman of the Board. Assisting in their reception were William B. Haffner, Ernest L. Jones and George R. Kantzler, Governors of the Exchange. The guests visited the gallery overlooking the trading floor, the Board of Governors' room and the ticker department, remaining in the Exchange for an hour.

Available On Request

Schenley Distillers Corporation have prepared an attractive booklet containing the first articles in the series they have been running in the "Financial Chronicle." Copies of this booklet may be had upon request by writing to Mark Merit, in care of Schenley Distillers Corporation, 350 Fifth Avenue, New York 1, N. Y

Gain Or Lose On Friscos?

Raymond & Co., 148 State St., Boston, Mass., have issued an interesting discussion on how the current holders of Frisco issues will fare by the new capital setup. Post-war estimates and figures are presented in this discussion, copies of which may be had from Raymond & Co. upon request.

Public National Attractive

Stock of the Public National Bank and Trust Company of New York offers interesting possibilities for investment, according to a memorandum issued by C. E. Unterberg & Company, 61 Broadway, New York City. Copies of this memorandum outlining the situation may be had upon request from C. E. Unterberg & Co.

Report On Condition Of Major Solvent Railroads

R. W. Pressprich & Co., 68 William Street, New York City, members of the New York Stock Exchange, have prepared a report concerning the financial and earning positions of 39 major solvent railroads, giving fixed charges before and after Federal taxes; net income, cash and net working capital as of Dec. 31, 1943; also estimated are fixed charges for 1944 and important maturities through 1949.

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Tomorrow's Markets Walter Whyte Says—

Market dullness in prospect as short covering causes minor rally—Important buying still absent.

By WALTER WHYTE

Three weeks ago this column went out on a limb in saying that the leaders were showing signs of life and that the market looked as if it were in for a real rally instead of just another one of those wiggles. Opinion was qualified by pointing out that the rally would be just a minor reversal in a down market and not the beginning of a sustained rise.

* * *

So a number of stocks were recommended, with stops. Well, you know what happened. The market slipped, grabbed a number of the stops and left the column out on a half-sawed limb. Of the original list of seven stocks only three remained. These were Electric Auto-Lite, bought at 39, stop 37; Jones & Laughlin, bought at 22½, stop 19½, and Servel, at 18, with a stop at 16¾.

* * *

As this is being written the above three stocks are back to about the prices you paid. They act all right, considering the state the rest of the market is in, but that's nothing to get excited about.

* * *

In the past two days, however, the down picture painted last week has again begun changing color. The same leaders which started poking their noses above the pack a few weeks ago are again sniffing around. The question is, are these signs important or are they the things which led me into a blind alley three weeks ago?

* * *

For the past two or three days I've heard of various bids, interesting ones too, that existed in the market, calling for real bundles of stock. So I traced a few of these stories and discovered that in all

(Continued on page 1835)

Stitzer Joins Shields In Institutional Dept.

Mervyn B. Stitzer, for 14 years with Weeden & Co., Inc., and president of the Corporation Bond Traders Association of New York, has become associated with Shields & Co., 44 Wall Street, New York City, members of the New York Stock Exchange; in the firm's institutional bond department.

Keith Shearman Joins J. R. Williston Dept.

J. R. Williston & Co., 115 Broadway, New York City, members of the New York Stock Exchange, announce that Keith W. Shearman has become associated with them in their research department. Mr. Shearman was formerly manager of the corporate statistical department for Amott, Baker & Co. and prior thereto was with Ernst & Co.

John J. Delaney Has Opened In Minneapolis

(Special to The Financial Chronicle)

MINNEAPOLIS, MINN. — John J. Delaney has opened offices in the Roanoke Building, to engage in a general securities business. Mr. Delaney was formerly a principal of Delaney, Johnson, McKendrick Co.

Trading Markets

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Savs. Loan Ass'ns And Banks Increase Assets

Morton Bodfish

During 1943, the savings and loan associations and cooperative banks of the nation in the over-$5,000,000 class marked up a $200,000,000 increase in assets, and the unprecedented number of 25 thrift and home financing institutions moved into this top-ranking group according to a recent tabulation of member associations' assets figures as of Dec. 31, 1943, by the United States Savings and Loan League. This was announced by the League's executive Vice-President, Morton Bodfish.

Of the 185 member institutions over $5,000,000 concerned in the report, 93.5% showed an increase in assets, with only 6.5% remaining at 1942 levels because of local conditions in scattered areas. The Twin City Federal Savings and Loan Association of Minneapolis led the field with a gain of $6,795,504 bringing its assets of $18,750,496 as of December, 1942, to $25,546,000 at the close of 1943. Runner-up was the Coast Federal Savings and Loan Association of Los Angeles with a gain of $6,264,356, and the Carteret Savings and Loan Association of Newark, N. J., was third in line with a gain of $5,174,253. These are larger gains than have been made in any of the past 15 years by individual institutions.

These three outstanding associations were included in a total of 55 member institutions, each of which added over $1,000,000 to its asset figure of December, 1943, as compared to December, 1942, and collectively added well over half of the $200,000,000.

Rail Situation Interesting

Adams & Peck, 63 Wall Street, New York City, have prepared a brief resume of the plan of merger of the New York, Lackawanna & Western Railway. Copies of this interesting resume may be had upon request from Adams & Peck.

Gain or Lose on new
FRISCO ISSUES?

How will current holders fare by new capital set-up? Postwar estimates and figures are presented in an interesting discussion sent without obligation on request.

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Railroad Securities

Rail men have evinced considerable interest in, and approval of, the amendments to laws regulating railroad investments of Savings Banks in New Jersey, recently signed by Governor Edge. Up to now the list of railroad bonds considered as legal investments for New Jersey Savings Banks has been notably meagre, consisting largely of equipment trust obligations and containing the mortgage bonds of only three of the country's major carriers, Union Pacific, Pennsylvania and Chesapeake & Ohio. The new regulations broaden the list materially and constructively. It is hoped that the action of New Jersey marks the beginning of a generally more enlightened legislative attitude towards the industry. For some time there has been particular agitation for revision of the archaic New York laws.

A statement accompanying the legislation (Senate Bill No. 232) outlining the purpose of the amending act states, in part, ". . . and especially so as to make eligible the bonds of certain railroads which have passed through reorganization. . . ." The act permits purchase of first mortgage bonds of a railroad company reorganized under Federal law or through equity receivership, provided the bonds were issued within five years preceding the investment.

Under previous regulations, and under the laws still regulating the legality of railroad bond purchases in New York, purchase of such bonds is impossible until they have been outstanding for a period of years so as to establish actual earnings coverage of the new charges. Pro-forma earnings of the company for pre-reorganization years applied to the new capitalizations are not sufficient to establish eligibility under the older laws. Under these older regulations the savings banks are not in a position to purchase the new high quality liens when they are first issued and most apt, because of their unseasoned nature, to be available at the most attractive price levels. The New Jersey banks will now be able to take advantage of the relatively favorable early prices.

The reorganization railroads are not the only ones benefiting from the amended New Jersey investment regulations. There is recognition also of the improved credit standing of the marginal carriers. As far as the writers knows, this is the first example of such recognition by any legislative body, and so far as regulatory bodies operating under less rigid legal restrictions are concerned there is no recognition of improvement until the improvement has become apparent to a majority of the rating agencies. Under the new New Jersey law the bonds of Atchison, Great Northern, Louisville & Nashville, Nickel Plate and Reading have become eligible.

As a new departure from the traditional practice of just taking actual reported fixed-charge coverage back over a specified period of years, New Jersey now gives weight to the effects of recent aggressive debt retirement programs of the carriers. The new law now takes the fixed charges as they are at the time of actual investment and applies the test of past earnings to such reduced charges to determine legality. In addition there may be excluded from fixed charges interest or amortization on debt already called for redemption, or any debt due to mature within six months, for the payment of which funds have been set aside.

The income available for fixed charges, and net remaining after fixed charges, is computed, for the purpose of arriving at the legality of a bond, before deduction of Federal income or excess profits taxes. It is gratifying to see at long last a realistic approach to a large investment field which, at least so far as regulatory and legislative bodies are concerned, had fallen into such disrepute. It is devoutly hoped that this step merely marks a start of a general change in investment thought.

L. E. Borregaard Is With C. W. McNear

(Special to The Financial Chronicle)

CHICAGO, ILL.—Louis E. Borregaard is now affiliated with C. W. McNear & Co., 105 West Adams Street. Mr. Borregaard was formerly with Otis & Co. and prior thereto was manager of the trading department for Baker, Fentress & Co. In the past he was a partner in Borregaard Brothers in Chicago.

Interesting Possibilities

Common stock of American-La France Foamite Corporation appears attractive according to an analysis of the situation prepared by Reynolds & Co., 1500 Walnut St., Philadelphia, Pa., members of the New York Stock Exchange and other leading exchanges. Copies of this interesting analysis may be had from Reynolds & Co. upon request.

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R. A. Canon With Graham, Parsons Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — Robert A. Canon has become associated with Graham, Parsons & Co., 135 South La Salle Street. Mr. Canon was formerly manager of the trading department of the Chicago office of Stone & Webster and Blodget, Inc., with which he was connected for many years.

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Public Utility Securities

New England Power Association Merger Plan

SEC hearings were scheduled to begin yesterday (May 3rd) on the merger-recapitalization plan of New England Power Association, designed to streamline this rather complicated holding company system. Apparently there is no issue over geographical distribution of properties, since they are all located in New England. However, the company (which is part of the International Hydro-Electric system) controls four sub-holding companies and has a substantial interest in a fifth. Because of the "grandfather clause" and the requirements relating to capital simplification, it is necessary to readjust system relations and a plan was developed and filed with the SEC earlier this year. Under this plan, the parent and sub-holding companies will merge into a $475,000,000 company with the following capital set-up, according to the pro forma balance sheet as at March 1, 1944:

	Amount	% of Total Capital Pro Forma	 Pro Forma Adj.
Oper. Subsidiaries' Funded Debt	$81,300,000	21%	28%
Oper. Subsidiaries' Preferred Stocks	22,100,000	6	8
Oper. Subsidiaries' Minority Interest	11,800,000	3	4
Reorgan. Holding Cos. Funded Debt	60,000,000	16	20
$2 Preferred Stock (2,594,423 shares)	71,347,000	19	24
Common Stock (5,227,368 shares)	133,653,000	35	16
	$380,200,000	100%	100%

The pro forma balance sheet shows plant account of approximately $420,000,000, less depreciation reserve of $75,000,000. However, a footnote indicates write-ups of about $82,000,000. It is understood that, in any eventual readjustment of plant account, the company feels that it would be unnecessary to write off this entire amount, because of offsetting factors. However, the FPC and SEC are apt to reduce plant account as much as possible, and assuming that the entire amount were squeezed out (together with some $4,000,000 of security values in excess of present market) this would reduce common equity to around $47,000,000 and on this basis the percentages would be as indicated in the last column of the table above.

Even if the entire write-off is deducted, the holding company's set-up remains conservative, since its securities will represent some 60% equity in subsidiaries' net plant accounts. The depreciation reserve appears ample, amounting to about 16% of pro forma assets and 22% after adjustment for write-offs.

The new holding company will hold investments in 44 operating utilities, seven miscellaneous companies, and four indirect subsidiaries, obtained as follows from the present sub-holding companies:

	Oper. Util.	Misc. Cos.	Indirect Subs.
New England Power Association (NEPA)	11	4	1
Massachusetts Power & Lt. Assoc. (MPL)	2	--	--
North Boston Lighting Prop. (NOBO)	9	--	1
R. I. Public Service (RIPS)	1	3	2
Massachusetts Util. Assoc. (MUA)	21	--	--
	44	7	4

Each share of old stock would receive new shares as follows:

Present Stock	Shares of New Company $2 Pfd.	 Common
MPL $2 pfd.	.5	1.1
$2 second pfd.	--	.05
Common	--	.02
NOBO pfd.	1.5	3.0
MUA pfd.	1.0	1.0
Common	--	.2
RIPS pfd.	1.0	--
Class A	2.0	--
NEPA 6% pfd.	1.5	3.9
$2 pfd.	.5	1.3
Common	--	1.0

New England Power has not yet published its calendar year report, but for the nine months ended Sept. 30, 17 cents a share was reported earned on the common, compared with 35 cents in the previous period. For the calendar year 1942, with total system income of $16,531,336, 81 cents a share was reported and 1943 earnings will probably be lower. However, the management estimates that in a "normal average post-war year" gross income would be about $19,300,000, largely on the assumption that Federal taxes will be lower. On this basis, $1.15 would be earned on the common stock, and the preferred dividend would be earned 1.45 times on an overall basis.

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Post-War Financial Problems And Outlook

(Continued from page 1821)

The net return from a taxable five-year Government bond, for example, would be reduced to a little less than 1/10th of 1%. This condition develops at a time when our largest reservoirs of credit, the banks of this country, in conjunction with the Federal Reserve Board, should be formulating a broad and courageous credit policy in direct aid to production and employment after the war. My fear is that the incentive to lend will be so weakened, unless this condition is ameliorated, that we may find that sound credit risks will go wanting. This must not happen.

Our long-term private capital markets must likewise be opened up. We must revive venture capital. As we all know, it was the pioneer spirit of the past, coupled with risk capital, that made this country great.

In the attainment of our basic objectives, Congress should provide now for the elimination, directly when the war is over, of the excess profits tax and of the double taxation of corporate income. And, as a part of this program, Congress should have available a predetermined schedule of capital gains taxes which would definitely encourage broad private investment in business enterprise.

Congress is already giving thoughtful attention to such readjustments in our tax structures as would give a maximum stimulous to private initiative while at the same time marking adequate provision for the Government's fiscal requirements. Business, large and small, must know that the tax formula is to be for the post-war if it is to set up its budgets, allocate its funds and be prepared to dig its toes in and get ready to go with the ringing of the bell for victory. Likewise, individuals with an honest, wholehearted patriotic desire to pay our taxes, which we realize must remain heavy, should be permitted to plan our own personal budgets for the post-war. It goes without saying that the peacetime tax bill which Congress presents to the nation must be one that will preserve the sanctity of the national debt.

Now that presents an interesting question, and that is whether the tax burden which we will be obliged to carry in order to preserve the integrity of our money will stifle enterprise and initiative. The Federal debt after the war probably will be in the neighborhood of $275,000,000,000. It may be higher, but we should have a considerable salvage offset. The total post-war Federal budget will be close to $20,000,000,000. This would compare with a budget of $13,000,000,000 in the fiscal year 1941. The $20,000,000,000 of Federal tax revenues required to balance the budget would compare with revenues of about $8,000,000,000 in the fiscal year of 1941. If we can maintain our national income at $25,000,000,000 to $35,000,000,000 higher than it was in 1940, there is no reason why this prospective tax load cannot be carried without the impairment of necessary business incentive. The balancing of the Federal budget would put a strong foundation under the market for Government securities and it would smooth the way for a gradual refunding of short-term Government obligations into longer-term maturities.

There is another question with which we are all concerned, and that is whether we may expect a serious reduction in the purchasing power of the dollar. The increase in the nation's money supply during the war has not exceeded the expansion in the physical volume of output. It is undoubtedly true that our people could have borne a heavier tax load during the war, were it fairly distributed, and it is certainly true that a higher proportion of Government borrowings could have taken place outside of the commercial banks. We have, however, made our decision as to the level of war-time taxation and as to methods of distributing it. We have also refused to resort to compulsion in selling Government obligations to the public. In my judgment, there is little reason to believe that our wartime fiscal policies will substantially impair the purchasing power of the post-war dollar to the extent that some of our pessimists effect.

The cash balances held by individuals and by business after the war will be very much higher than before the war. These cash balances are not likely to be dissipated in reckless spending such as would drive prices to inflationary levels. They will be held as a backlog and their effect, I believe, will be to encourage a high rate of spending out of current income. In short, the prospect is for a high level of consumption, fed by a high level of production and financed from current income.

You are all familiar with the questions which are being raised today with respect to plans for the utilization of Government-owned plants and for the disposal of surplus inventories which the Government will have on its hands at the end of the war. Congress should provide concrete answers to these questions as soon as possible. For my part, I have no serious apprehension, as so many appear to have, that the Government will operate these plants for any extended period after the end of the war. The Government agencies concerned are carefully studying the problems involved and I do not anticipate any unnecessary delay on their part in disposing of the plants. There are many difficulties, however, to be overcome, and one of them is to see to it that these plants, which will necessarily have to be sold at a loss, do not compete unfairly with other plants which represent privately-invested capital.

Let us look briefly at the question of what will happen to wage rates after the war.

The answer to this question is suggested by the favorable outlook for production and employment. At the present time average hourly earnings of factory employees are about 50% higher than in 1940. When overtime premiums and shift bonuses are eliminated, the increase amounts to about 40%. There is every reason to believe that this gain of 40% in the basic hourly rate of pay will be held by labor in the post-war period. This indicates the prospect of continuation of the improvement in **real** wages when considered in relation to the probable lesser advance in prices over pre-war levels.

And may I remark here that one of the adjustments which Congress should quickly make in the interest of a stable post-war economy lies in the field of labor legislation. This question has been accented sharply in the last few days. the rights of employers as well as those of employees must be protected. This is essential to national solidarity and it is dictated by considerations of elementary justice.

At the present time the index of wholesale prices is 23% higher than in June, 1940, but there has been a very great divergence of prices as between farm products and prices of manufactured goods. The index of the former has advanced by 84%, the latter by only 24%. While farm prices will probably be supported by the Government's loan policy for many months after the end of the war, they probably will undergo some downward adjustment in the period after reconversion. Undoubtedly, our farmers anticipate such a correction and will regard it as a natural and wholesome market development. On the other hand, we may expect that prics of manufactured goods will probably be from 10% to 20% higher than they are today. This would still leave farm prices in a much more favorable ratio to industrial prices than prevailed before the war. And this much of an advance in industrial prices will likely cover such increases in raw material costs and in wage rates as are not reflected in wartime price ceilings.

I realize that when anyone attempts to examine the future price structure, under such circumstances as these, when the world economy has been deranged by the most destructive war in history, he is running considerable risk of being proven wrong by events. It is, nevertheless, a conjecture worth making.

When we approach the prospect for post-war business profits we find ourselves seeking to rationalize some of the anticipated trends in taxes, wages, employment and industrial activity to which I have referred. Corporate earnings will depend in large degree, of course, upon the scale of industrial activity when it loses the support of war orders. But when we consider **net** profits other elements besides gross business enter strongly into the situation.

As I have already predicted, production and distribution of goods will fall sharply for a time, when the instruments of war are no longer needed. But taxes on corporate earnings should also fall.

Reference to the Federal Reserve Board Index of Production, which was 242 in March, graphically indicates the extent to which the output of America's facilities has been expanded. In December, 1941, the month of Pearl Harbor, when foreign orders were considerable but not dominant in American business, the index stood at 176. In 1937, a good business year on the whole, the high point of the index was 121. In the business peak of the summer of 1929 it was 114.

A decline from 242 to the lowest of these figures—114—would be steep indeed for the months immediately following the end of war production. A decline to 176, the December, 1941, figure, could be more realistically contemplated, and 1941 was a good business year for profits. Although a sharp reversal of the production trend must be looked for at the war's end, it is reasonable to expect that some enlargement of the manufacture of peace goods will have occurred in advance of it, particularly if an interval should stand between the successful conclusion of the conflict in Europe, and in Asia, as we anticipate.

Whatever the cushion of peacetime production may be, it will lessen the shock of discontinued war business. With lower taxes and the two-year carryback, which is a credit in the form

(Continued on page 1835)

Trading Markets

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"Our Reporter On Governments"

By JOHN H. RUMBAUGH

(Mr. Rumbaugh has been kind enough to act as guest writer this week. As is true of other contributors, the opinions expressed by Mr. Rumbaugh are his own and do not necessarily reflect the views of the Chronicle.—Editor.)

Anyone treading upon the toes of the economists should preface his remarks as did a well known Washington news letter publisher, "I am not an economist but I employ them when needed." . . .

It is true, as one local economist has pointed out that we saw what appeared to be the bottom of the dinner pail in 1920, when the reserve of the Federal Reserve banks got down to the penalty margin. . . . It was then that Liberty bonds reached their all-time low. . . . But it does not follow that gold certificate reserves will decide the destiny of outstanding Government securities in the near future or at any time. . . .

The Federal Reserve banks must maintain reserves of gold certificates equal to at least 40% of their Federal Reserve notes in circulation and reserves of gold certificates or lawful money equal to at least 35% of deposit liabilities. . . . If scarcity of gold certificates threatens, then why should the Federal Reserve banks hesitate to exercise their prerogative and issue Federal Reserve bank notes against which no reserve of gold certificates is required and, if expedient, use these notes as lawful money reserve against member bank deposits. . . .

RESERVE BANK SUPPORT

Successful financing of the war may require purchases of $10,000,000,000 additional Government securities by the Federal Reserve banks in order to bolster the reserve position of member banks and maintain current rate and market objectives, while we are experiencing continued increase in circulation, annual loss of upwards of one billion from the monetary gold stock through our foreign purchases and another billion or thereabouts to be contributed to international monetary stabilization. . . . We may see the reserve below the combined average of 37½% by late 1945, but why worry. . . . The Federal Reserve banks will pay their penalty for deficiency and reduce the franchise tax paid to the Treasury. . . . Federal Reserve bank earnings are increasing rapidly anyway, due to greatly increased securities acquisition. . . .

Long-term Government bonds are primarily savings bank and insurance company investments. . . . However, any commercial bank with a savings department needs long-term bonds for income and can employ them safely if using a cross section of normal deposits as a guide. . . .

Intermediate maturities are essential for the capital account appreciation and are a valuable border-line maturity investment for semi-volatile deposits. . . . Volatile deposits should be carefully distributed in maturities up to five years. . . . These can be used intelligently only after a careful analysis of the "honeymoon" deposits. . . .

BANK SOLVENCY

It is a mistake for anyone to conclude that Government securities market depreciation threatens solvency of banks. . . . Use of too many long-term bonds may temporarily embarrass the bank management, but insolvency and inability to meet deposit liabilities due to poor degree of portfolio flexibility is not even faintly a possibility. . . .

In short—there is no "dead-end" for the Federal Reserve System. It can and will purchase enough Governments to see the war financing through successfully, and the post-war reconversion period as well. . . .

If we have an inflationary boom, it would be in order for the savings bondholders to dissipate their holdings. . . . Then the Treasury meets redemptions with income and excess profits taxes. . . . Interest rates should increase to help brake the boom—curtail credit and temporize expansion. . . . But rates will not be permitted to rise. . . . More effective and less disturbing measures can be used, such as restricting credit and exercising price controls. . . .

If we have a post-war depression the price controls will work overtime. The RFC will be on hand to make essential loans. . . . The banks will be more than amply provided with investable funds. Interest rates will be low and the recovery background will be all set to "catch." . . .

Of course, there may be the time when the dealers will ask you to give them a firm offering of your bonds to be sold and permission to advise the Open Market Committee of the Federal Reserve banks just who is wishing to sell. . . . This may be followed by a request for actual proof that the funds from the liquidation are needed for essential loan purposes or withdrawals. . . . A bid would be forthcoming at once if the "Managers" were satisfied that liquidation was essential. . . . If you were making a temporary customer loan or expressed fear of market, you would probably be told to borrow at the Federal Reserve and to keep your securities. . . .

If contemplated liquidation of a portfolio entails losses that may bring a bank within a dangerous ratio of capital to deposits, the RFC or FDIC should be consulted first. . . . Chances are that a preferred stock purchase, the eventual retirement of which could be made with Government securities at par and interest, would tide the bank over. . . . However, headlong liquidation brought on through panic complex of any one or more members of an investment committee should be avoided regardless of any situation that may arise from current or post-war repercussions. . . .

As we approach the crisis in this war, portfolio managers should exercise every precaution to assure a maximum of earnings consistent with a reasonable degree of exposure of the none-too-large capital account. . . . It is virtually mandatory with good management to have daily diagnosis of volatile deposits rather than a post-mortem over the investment account at some later date.

The Securities Salesman's Corner

Swimming With The Tide Is Sound Merchandising Policy

There are two types of "timing" operations that are essential to successful security merchandising. The first is concerned with offering the right security at the right time. This is fundamental to achieving investing success from the standpoint of the security buyer. Unless investors are successful, it is academic that no security dealer can continue to hold his clients and develop his business.

The second consideration, which in a way is tied in with the first, is based upon the premise that there are styles in securities the same as with any other product which is purchased by the general public. It is important, therefore, that dealers should offer the "types" of securities in the lines of industry that are currently in public favor.

Several times during the past few months we have discussed this subject with dealers who have been concentrating their sales efforts in such favored groups of securities and they have invariably attested to the lessened sales resistance to such offerings.

One firm has concentrated upon the sugar stocks, after having built a foundation of profits for their clientele in the bonds of these companies, which as is now well known have done very well marketwise during the past year. Another salesman, seeing the great public interest in television and electronics, has concentrated in this field. As he put it, I am not only doing a good job for my clients but I am convinced that this is not the day and age to try and sell "buggy whips, plush covered bibles and mohair sofas."

Still another attractive industry from the security merchandising standpoint is home appliances. One salesman of our acquaintance sold a substantial block of such a stock to one of his clients just because this investor's wife had been drumming the merits of this certain machine into his ears for several months and was eagerly awaiting her opportunity to buy one as soon as they are again available.

Other industries very much in the public eye are plastics, chemicals, post-war housing and building, and the whole wide field of automotive and accessory companies. Air transport is also an interesting and coming field of investment. There are several very attractive common stocks that are traded over-the-counter that have an excellent investor appeal.

It seems to us that an interesting investment program can be created out of these industries. There are several good merchandising angles that could be developed by alert dealers. One might be a post-war opportunity list of attractive new industry investment opportunities that could be offered to investors through newspaper or direct mail advertising. While on the subject of advertising, it is also quite evident that newspaper ads dealing with these "new industries" are especially effective as lead producers. The public is definitely interested in this subject. Another approach is to concentrate in one field. Select several outstanding television, home appliance, air-transport situations and offer them as a group or for individual selection.

The daily press is full of free advertising both editorially and from a paid standpoint—why not use it. Photo-offset reprints can be inexpensively prepared and included in mailings and with offering circulars. In this connection we can just refer as an example to the excellent advertisements of such companies as Du Mont Laboratories and Stromberg-Carlson in the electronic field, or Bendix Home Appliance in the automatic washing machine industry, as typical of the publicity that dealers are receiving regularly. It all helps to make the investing public conscious of a new trend which is developing in these industries.

If the industry is right, the company sound and the price in line with value and future outlook, why buck the tide; it's much smoother sailing to swim with it.

Reaction On Congressmen To Plan For International Currency Stabilization Mixed

In the view of Senator Connally (Democrat) of Texas, an international monetary conference is likely to be the fruit of current discussions on currency stabilization. Senator Connally, who is Chairman of the Senate Foreign Relations Committee, met, on April 21, with Secretary Morgenthau, along with his committee, and other committees to hear the proposals of the technical experts of the United Nations respecting the International Monetary Fund, reference to which appeared in our April 27 issue, page 1737. Asked whether he expected that an international conference would be the next step, Senator Connally according to the Associated Press, told reporters that "there probably would be one. I don't care to comment on the details." Congressional reaction to the $8,000,000,000 international money stabilization proposall ranged from warm enthusiasm in some quarters to the blunt conclusion of Representative Frederick C. Smith, Republican, Ohio: "So perilous to the United States that no words can describe it." We quote from an Associated Press account from Washington April 21, which also had the following to say:

Representative Robert C. Doughton, Democrat, of North Carolina, Chairman of the tax-writing House Ways and Means Committee, called the project "a fine approach to this international question." Representative Doughton presided at a conference in which Treasury Secretary Henry Morgenthau outlined the plan before it became public.

"It is the finest constructive step any government has ever taken," echoed Representative Wright Patman, Democrat, of Texas.

Several of the Representatives said they would need more detailed discussion of the plan before they could form an opinion.

Representative Harold Knutson, Republican, of Minnesota, Republican minority leader on the Ways and Means Committee, saw in the plan a "super-world government" and observed: "They deny, but not to my satisfaction, that if this super-world government is going to fix gold values they will also have the power to tell us what our tariffs shall be."

Senator Abe Murdock, Democrat, of Utah, commented: "I am not sure how all this would be done without some one getting their fingers pinched."

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NOTE—*From time to time, in this space, there will appear an article which we hope will be of interest to our fellow Americans. This is number thirty of a series.*
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Then . . . and Now

In the fourth century A. D. there lived a famous theologian—Bishop of Antioch. He was a great philosopher who believed in the power of human beings to exercise restraint. In other words he was a disciple of moderation in the use of the boons bestowed on humanity by nature. When he heard the hue and cry on the part of reformers against "deplorable excesses;" when he heard, "Would there were no wine," he answered, "O folly, O madness! When men sin you find fault with the gifts of nature. Is it the wine, O man, that causes this abuse? No it is not the wine, but the intemperance of those who find an evil delight in abusing it. If you shout, 'Would there were no wine,' you should add 'Would there were no iron, because of murderers; would there were no night, because of thieves; would there were no light, because of informers.' In this manner you might destroy everything."

We moderns who think sometimes that we originate ideas and phrases and arguments in logic . . . find it extremely illuminating to turn back the pages of time and see that the wisdom we think is ours has been expressed before, and so much more eloquently than by our feeble efforts.

Seventeen hundred years ago, then, there were alcoholic beverages in general *use*, and seventeen hundred years ago too, there was *abuse*. And, perhaps, seventeen hundred years from now, researchers digging deep as we do today—will find much in our era to marvel at and to deplore.

But, being an ingrained optimist, we think that perhaps the future generations will both learn and benefit from the fantastic goings-on, and unprecedented upheavals—in this present century.

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N. Y. Analysts To Hear

At its meeting on Friday, May 5, the New York Society of Security Analysts, Inc. will hold a round table discussion under the leadership of E. Ralph Sterling. Charles Tatham, Jr. of Institutional Service, Inc. will present some ideas on the F. P. C. and the post-war utility outlook. The meeting will be held as usual at 56 Broad Street, at 12:30 p.m.

Insurance Stocks Attractive

Huff, Geyer & Hecht, 67 Wall Street, New York City, have recently revised circulars on Employers Group Associates, General Reinsurance Corporation, and Standard Accident Insurance Company, which the firm believes offer attractive possibilities. Copies of these circulars and an interesting memorandum on American Surety Company may be had from Huff, Geyer & Hecht upon request.

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Pennsylvania Brevities

Post-War Philadelphia

There is not going to be any reconversion slump in the Quaker City if the Citizens' Council on City Planning has anything to say about it, and it has. The Council is composed of 64 civic, welfare and professional organizations, formed last June from groups which supported a city ordinance creating the City Planning Commission. Since that time it has worked in close cooperation with the commission.

Last week the Council advocated Federal and State financing of an 18-point improvement program for Philadelphia and urged the "development of some borrowing capacity — perhaps $100,000,000 to $200,000,000, as the city debt is retired"—for proposed projects.

Among the projects listed as vital to the future progress of the city are:

Construction of underground or other adequate off-street parking facilities in the central city.

Widened approaches to the Delaware River Bridge and new bridges across the Schuylkill.

An elevated express highway on Delaware Avenue.

Removal of elevated tracks on Market Street, at least to 46th Street, running them underground through a Schuylkill tunnel.

Opening of the Locust Street subway and its extensions to Southwest Philadelphia.

Extension of the Frankford Elevated north of Bridge Street.

Erection of sewage disposal and incinerating plants; more parks, playgrounds and recreational centers in heavily populated sections, and extension of the Independence Hall park area for several blocks.

* * *

P.T.C. Rate Ruling

Traction operators particularly and utility companies in general found favorable significance in the April ruling of the State Superior Court which increased the limit of earnings of Philadelphia Transportation Co. to a return of 6½% on a valuation of $93,000,000. The Public Utility Commission previously restricted the P.T.C. to a return of 6% on a $77,000,000 valuation. Thomas C. Buchanan, only Democratic member of the five-man Commission, termed the Court ruling as an usurpation of the functions of the Commission, complaining that "decisions are made by the court without aid of the technical staff and facilities of the P.U.C." It is to be recalled that the last proposed plan of reorganization of the Pittsburgh Railways system failed of serious consideration largely because the drastic scaledown approved by the Pennsylvania Public Utility Commission proved entirely indigestible to security holders.

* * *

The current status of the Pittsburgh Railways situation is covered in a paragraph taken from the annual report of Philadelphia Company, over the signature of Leo T. Crowley, Chairman of the Board and President:

"A substantial group of creditors and security holders has commenced discussions with Philadelphia Company looking toward an agreement contemplating the termination of bankruptcy proceedings, the return to the Pittsburgh Railways Co. of the properties operated by trustees, the distribution of the cash so made available, and the purchase by Philadlphia Company of the securities of Pittsburgh Railways Co. and underlying companies held by the public."

Untangling an $80,000,000 snarl of many years' standing cannot be accomplished overnight but most security holders feel that a practicable approach has been made.

* * *

The Commonwealth of Pennsylvania casts covetous eyes on $1,600,000 held in trust by the Pennsylvania Railroad. The larger part, $1,500,000 represents dividends unclaimed by the owners while $100,000 is in shares of stock held by the company as trustee. Invoking the seven-year escheat law, the Commonwealth filed a suit in equity in the Dauphin County Court. The court allowed the railroad until May 20 to answer.

* * *

United Gas Improvement common perked last week on announcement of a 10-cent dividend payable June 30 to holders of record May 31. The distribution was stated to be out of 1943 surplus earnings. This month stockholders are expected to approve the exchange of present U. G. I. shares for new common in the ratio of one new share for each 10 old and the designation of a par value of $13.50 for the new shares. Quizzed by the SEC on April 20, company officials indicated that a 25-cent dividend on the new stock could probably be paid out of earnings in 1945, but that the future program of U.G.I. has not been stabilized and that the company might decide to make distribution in cash or other assets. Then again it might not.

It is not hard to believe that a change in the Administration, should the November election go Republican, might indicate a lessening of holding company persecution. Many a sadly defeathered holding company may find it worthwhile to sit tight.

* * *

Highlighting its 77th annual report, Peoples-Pittsburgh Trust Co. noted the following: Deposits of $181,749,891, an increase of 20%, setting a new all-time high; two more branch banks acquired; demand deposits showing a gain of 128% in the last four years; number of customers now more than 198,000; resources exceeding $200,000,000 for the first time; purchase of $240,000,000 in war bonds and other Government securities for the company and its customers.

* * *

First quarter sales of Philco Corp. are reported as 55% ahead of the corresponding 1943 period. March output set a new high record.

(Continued on page 1827)

MUNICIPAL BONDS
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Possible Refunding Of Delaware River Bridge Bonds

By WILLIAM F. MILLS

Forecasting probable future events in any field, even under most favorable conditions, often proves to be an embarrassing pastime for the forecaster. The writer recalls a book published in 1938, written by one of the then leading commentators on world affairs, in which an entire chapter was devoted to an enumeration and exposition of the reasons why Germany could not and would not go to war. More recently, one of the country's leading industrialists predicted that the war would end within two months, and his time has just about run out.

With world conditions as they are today, politically, socially, financially and militarily, prognostication of developments of the ensuing 24 hours is fraught with more danger than possibly ever before. Nevertheless, liberally hedged with "when, as and ifs," the following suggestions regarding the call and refunding of the Delaware River Joint Commission 2.70% bonds on Aug. 1, 1946, are submitted.

This discussion is predicated on two necessary assumptions, namely:

1. That the war, at least the European phase of it, is over before 1946 and that a substantial increase in the amount of gasoline and rubber for civilian use is a result.
2. That Federal income taxes and money rates remain substantially at present levels.

Taking these two assumptions as a starting point, it appears entirely possible that the refunding of the present outstanding bonds could be effected advantageously. The present debt consists of $37,000,000. 2.70% Bonds, due August 1, 1973 callable August 1, 1946 at 105. By exercising the call privilege, the Commission would be required to raise $38,850,000 to take care of the 5 point call premium. At March 31, 1944 the Sinking Fund Reserve Fund amounted to $7,115,000. Since we are assuming two major premises, let us go another step and assume that this Fund will have increased to the point by August 1946 that only an even $30,000,000 need be raised by a refunding bond issue. This is not at all unreasonable to suppose, as the Reserve Fund stood at approximately $6,200,000 in July, 1943 and now totals $7,115,000.

There are many possible ways in which the refunding issue could be set up, namely:

1. Single term issue, callable on or after a certain date.
2. Single term issue, certain amounts callable serially.
3. Straight serial issue, non-callable.
4. Serial issue, all maturities callable on or after a certain date.
5. A combination of serial bonds and a term issue, callable.

A straight serial issue, non-callable, or a serial issue callable, say ten years from date of issue, would, in the writer's opinion, be the most advantageous both from the Commission's standpoint and from that of the underwriters and purchasers. A serial issue would result in the naming of a lower coupon rate than would have to be named for a long term maturity, as the underwriters could obtain sufficient premium for the short and medium term maturities to allow pricing the long term bonds at a discount if the market so dictated. A serial issue would allow large commercial and institutional accounts to select the maturities that best suited their financial policies, thereby securing wider distribution of the bonds.

The original Philadelphia-Camden Bridge bonds were 4¼s, dated Sept. 1, 1933, and maturing serially Sept. 1, 1935 to 1973, callable Sept. 1, 1943, at 105. The maturities started with $200,000 due Sept. 1, 1935, reached $1,000,000 due Sept. 1, 1949, and $2,000,000 in the last several maturities. Assuming a total issue of $30,000,000 to be floated in Aug., 1946, earnings appear to justify setting it up as a 30-year serial issue, due $1,000,000 each year. If necessary, amounts in the early maturities could be reduced and increased in later years, still keeping the issue within the 30-year limit.

Currently, the present outstanding bonds due August 1, 1973, callable 1946 are offered to yield 2.30% to maturity for a 2.70% coupon. Therefore, under conditions at least no worse than the present, it would appear that a 30-year serial issue could be sold bearing a 2% coupon. The first obvious result would be the saving of 7/10s of 1% in interest charges annually, which on $30,000,000 would amount to $210,000 annually. The additional saving possible by employing the serial form of issue is easily demonstrable. Should the new issue consist of serial 2s due $1,000,000 each year, interest charges would be decreased $20,000 each year as the $1,000,000 annual maturities were paid off. Thus, by 1951, principal would be reduced by $5,000,000 and annual interest charge by $100,000.

A 30-year serial issue callable after ten years would probably be a most advantageous set-up for the Commission as it would enable a more rapid retirement of bonds as surplus money accumulated due to increased post-war earnings plus the saving in interest charges outlined above. Whether or not the callable maturities should be callable at a premium, and if so, at how much of a premium, is a technical consideration too fine for this brief discussion.

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OUR REPORTER'S REPORT

Unless there is a recurrence of the flurry of nervousness which developed a fortnight ago, there is promise of reasonable activity in the new issue market in the latter half of the current month in the opinion of those who make a business of distributing new securities.

It would help matters considerably, of course, if dealers could clear their shelves of such unsold balances as remain from some of the recent new undertakings. With nervousness having subsided considerably, the investment fraternity feel that such unsold securities as remain in dealers' hands will move out in good order.

Looking ahead, the new issue calendar shows three sizable public utility undertakings as major possibilities for the final fortnight of May. All told, the prospects in sight would provide the market with an aggregate of some $53,000,000 in new offerings.

Largest of these undertakings came into sight when the Virginia Electric & Power Co., on Tuesday, invited bids from underwriters for $23,000,000 of new first and refunding bonds, 3%, series D, due in 1974. This project also involves $9,000,000 of 2¼% serial notes. Bids will be opened May 22.

New Jersey Power & Light Co. has gone into registration with $9,000,000 of 30-year first mortgage bonds and 30,000 shares of $100 par value cumulative preferred on which it is expected to seek bids to be opened May 15.

Meanwhile the investment world looks for West Penn Power to issue a call for bids to be opened probably around May 23 on an issue of $12,500,000 first mortgage, series L, 3%, to finance the redemption of an equal amount of outstanding 5s, series E, due Sept. 1, next.

First Canadian Municipal

Having completed arrangements with an investment syndicate for the sale of an issue of $9,150,000 of debentures, the city of Edmonton becomes the first Canadian municipality to enter the U. S. money market since the creation of the SEC.

The new securities are expected to be offered publicly about May 17, having already been placed in registration with the Federal agency.

Maturing annually in amounts of $525,000 from May 15, 1948, to May 15, 1955, and in lots of $550,000 annually from 1956 to 1964, the debentures will carry coupons ranging from 3 to 3¾%, and will be payable at the holder's option in lawful money of either the United States or Canada.

Needling the ICC

The subject of competitive bidding for all railroad securities was brought strongly to the fore again early this week when Senator Shipstead (R., Minn.) roundly assailed the latest undertaking of the Chicago, Burlington & Quincy and the Pennsylvania Railroad.

His latest attack involved two pieces of financing which the roads involved propose to place privately with large institutional investors, namely, insurance companies and banks.

The Burlington has arranged through Morgan Stanley & Co. for the direct sale of an issue of $30,000,000 of collateral trust bonds, while the Pennsylvania, through Kuhn, Loeb & Co., proposes to place $35,000,000 of the Pennsylvania Co., a subsidiary, in the same manner.

The ICC has held extensive hearings and taken much testimony on the matter of competitive bidding for railroad bonds. But its decision, it now appears, must await the appointment of a successor to the late Joseph B. Eastman.

Texas Power & Light

As underwriting company officials point out, numerous other refunding prospects are in sight in addition to those outlined here earlier.

Texas Power & Light Co., it develops, may be expected to consider refinancing its outstanding first mortgage bonds on a lower cost basis.

In fact, it is reported that banking syndicates are being gotten together to bid for such new securities as might arise from such an undertaking.

The company has upward of $41,000,000 of first mortgage bonds outstanding, with an issue of $26,500,000 of 5s falling due in 1956 and an additional $15,000,000 of 4¾s, now privately held, maturing in 1965.

Sgt. Bernard Conlon Awarded Silver Star

15th ARMY AIR FORCE—T/Sgt. Bernard J. Conlon, 32, of 39-36 50th Street, Sunnyside, has been awarded the Silver Star for gallantry in action while participating in the raid over Regensburg, Germany, Feb. 25, according to recently published orders.

The entire AAF Flying Fortress crew, of which Conlon was top turret engineer gunner, was cited as a whole for extraordinary teamwork and cooperation in battling tremendous odds.

His formation was jumped by 30 to 40 enemy fighters that soon increased to 200. Conlon's ship was badly battered and torn by bullets and 20 mm. shells.

Blown out of his turret by the blast of one 20 mm. shell, he picked himself up, helped put out the fire caused by exploding incendiary ammunition, then returned to his damaged turret to man his guns. With one gun useless, he nevertheless managed the destruction of three enemy fighters.

Entering the Army on July 18, 1942, the former New York bond trader won his gunner's wings at Fort Myehs, Florida, in February, 1943. Overseas for five months, he has flown 23 combat missions. Besides the Silver Star, he possesses the Air Medal with three Oak Leaf Clusters.

Sgt. Conlon was formerly head Bond Trader for J. Arthur Warner & Co., 120 Broadway, New York.

Pennsylvania Brevities

(Continued from page 1826)

The April 14 meeting of the board of directors of Autocar Co. brought not the expected declaration of a cash dividend but the announcement by President R. P. Page, Jr., that the company is planning to redeem its 3,070 shares of $3 preferred stock and to create a new issue of convertible preferred to be issued as a stock dividend on the common shares in 1944. Mr. Page said that the stock dividend is contemplated because of the management's feeling that earnings normally available for dividends should be retained in the business for use after the war. Probably sound from the long-term viewpoint, although the Street was nevertheless disappointed. Traders soliloquized: "Well, anyway, there'll be another issue to trade in."

* * *

March quarter report of Wellington Fund shows increase in assets of $1,179,000 to a new high.

* * *

It is announced that a plan for the merger of American Car Foundry Motors Co. into Brill Corp. and for the recapitalization of the latter company will be submitted to stockholders of both companies in June for action at simultaneous annual meetings on July 27. Present market prices indicate a two-to-one ratio, ACF Motors preferred to Brill Corp. preferred, but the Street is only guessing.

* * *

The U. S. District Court has extended until May 31 the time for Pennsylvania Utility Commission to approve or disapprove Philadelphia Suburban Transportation Co.'s offer to purchase all proposed new 10,573 shares of Philadelphia & Western Ry. Co. common stock at $50 per share.

* * *

York Corporation reports the following comparative results for the first six months of the current and preceding fiscal years: Completed sales, $10,092,600 against $7,408,140; total sales, $17,337,294 against $14,202,278; net income, before income and excess profits taxes, $1,541,570 against $877,864; net profit, $373,570 against $255,634; orders booked during half-year, $20,001,024 against $15,294,594. Holders of old York Ice Machinery Corp. 7% preferred who dissented to the recapitalization and merger plan were found to be entitled to a value of $90 per share, under appraisal proceedings. Those who "went along," receiving 15 shares of new common for each share of old preferred, now have an equivalent value of $150 per share.

* * *

STANY Party

Biggest and best, voted 100 Pennsylvanians, more or less, who attended the Security Traders Association of New York's annual dinner at the Waldorf, starting April 21. Not sure that all Philadelphians have yet returned.

Last seen in the Waldorf cocktail lounge in the wee hours, Harry Fahrig, Reynolds & Co., missed a long succession of trains.

Edmund J. Davis, Rambo, Keen, Close & Kerner, shepherded a small group into a Central Park surrey (no fringe) at 5 o'clock the following Sunday afternoon to drive from Fifth to Sixth Avenue. However, it was raining.

Charles L. Wallingford, E. H. Rollins & Sons, returned to his owl's nest at the Sherry just in time to greet his wife who arrived on the 3 p. m. Saturday train from Philadelphia.

A. L. ("Iron Man") Hutchinson, Buckley Bros., was physically present at his Philadelphia desk Saturday morning.

Ben Brooks, W. H. Bell & Co., who doubles in war plant duty while awaiting his 38th birthday, did not attend but received a blow-by-blow account by telephone through late Sunday.

Jack Germain, J. Arthur Warner & Co.'s candid photographer, with true Chesterfieldian restraint, refrained from immortalizing a disheveled Philadelphia group who confronted him several hours after the party.

Alfred J. Willis, H. M. Byllesby & Co., found J. F. Reilly's post-party hospitality abundantly pleasant.

John G. Hopkins Co. Is Formed In Phila.

PHILADELPHIA, PA.—Formation of a new investment firm, John G. Hopkins & Co., has been announced. The partnership is comprised of John G. Hopkins, formerly a partner of Charles Clark & Co., M. L. Hopkins and J. N. Leo, a limited partner. The new firm will have offices ta 123 South Broad Street, and will deal in investment securities, specializing in municipal bonds.

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Bank and Insurance Stocks

This Week—Bank Stocks

By E. A. VAN DEUSEN

In last week's column it was pointed out that divergencies in the market performance of fire insurance stocks are very pronounced, and that if the investor wishes to secure capital appreciation closely in line with the market he must select and diversify with care. The same holds true for leading New York City bank stocks, as a study of the accompanying tabulations will show.

TABLE I

	Asked Price 12-31-42	Asked Price 12-31-43	Market Apprec.	Asked Price 4-27-44	% Change From 12-31-43
Bank of Manhattan	17	21¼	25.0%	22¾	+ 7.1%
Bank of New York	289	400	38.4	401	+ 0.3
Bankers Trust	38	51	34.2	50¾	— 0.5
Brooklyn Trust	63¾	90	41.2	99	+10.0
Central Hanover	75¾	99¼	31.0	100½	+ 1.3
Chase National	29½	37⅝	27.5	39⅝	+ 5.3
Chemical Bank & Trust	39¾	50	25.8	50	--
Commercial National	33⅞	47	39.1	49¾	+ 5.9
Continental Bk. & Tr.	13⅜	18⅞	41.1	20	+ 6.7
Corn Exchange	37⅞	47⅝	25.7	49⅝	+ 4.2
First National	1,145	1,495	30.6	1,625	+ 7.4
Guaranty Trust	238	310	30.3	316½	+ 2.1
Irving Trust	11⅞	14½	22.1	15¼	+ 5.2
Manufacturers Trust	37	47¾	29.1	50⅜	+ 5.5
National City	30⅛	36½	21.2	37	+ 1.4
New York Trust	74⅜	95¼	28.1	95½	+ 0.3
Public National	28¾	37⅝	30.9	39⅝	+ 5.3
United States Trust	1,050	1,310	24.8	1,500	+14.5
Average			+30.3%		+ 4.5%

It will be observed in Table I that during the calendar year 1943 each of the 18 New York City bank stocks under consideration experienced substantial appreciation, averaging 30.3%. Maximum appreciation was shown by Brooklyn Trust, which moved up 41.2%, and minimum by National City, which moved up 21.2%, or not much more than half of Brooklyn Trust's rise. Since December 31, 1943, the 18 stocks have further appreciated by 4.5% on the average. Bankers Trust, however, which appreciated better than the average in 1943, declined 0.5%; Chemical, whose 1943 move was below average, remains unchanged, while the maximum appreciation thus far in 1944 has been made by United States Trust whose 1943 appreciation was under the average. Other oddities in relative market moves will be noted in the tabulation.

It is perhaps more significant and helpful, however, to compare market moves over a somewhat more extended period. We therefore go back two years to the lows of April 1942, at which time many of the bank stocks were selling below their 1932 lows, and Standard & Poor's Index of New York City bank stocks stood at 59.2 compared with 60.3 in 1932. The comparisons are shown in Table II.

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L. A. Gibbs, Manager Trading Department)

TABLE II

	Asked Price 4-29-42	Asked Price 4-27-44	Market Apprec.
Bank of Manhattan	13⅛	22¾	73.3%
Bank of New York	248	401	61.7
Bankers Trust	32¼	50¾	57.4
Brooklyn Trust	53¼	99	85.9
Central Hanover	60⅛	100½	67.2
Chase National	21¼	39⅝	86.5
Chemical Bank & Trust	33	50	51.5
Commercial National	29	49¾	71.6
Continental Bank & Trust	10½	20	90.5
Corn Exchange	26⅝	49⅝	86.4
First National	1,010	1,625	60.9
Guaranty Trust	191	316½	65.7
Irving Trust	9¾	15¼	56.4
Manufacturers Trust	27⅞	50⅜	80.7
National City	21¼	37	74.1
New York Trust	57	95½	67.5
Public National	22¾	39⅝	74.2
United States Trust	1,025	1,500	46.3
Average			69.9%

The average two year appreciation has been 69.9%; maximum appreciation was 90.5% by Continental Bank and Trust and minimum was 46.3% by United States Trust.

It is now of interest, with the aid of hindsight, to see how two hypothetical investors would have fared over the two year period. Assume that the first invested $1,000 in each of the five stocks which performed best, and the second, $1,000 in each of the five stocks which performed the poorest. Market gains only are considered; dividends have been ignored.

$5,000 INVESTED IN FIVE BEST PERFORMERS

	4-29-42	4-27-44	Market Gain
Continental Bank & Trust	$1,000	$1,905	$905
Chase National	1,000	1,865	865
Corn Exchange	1,000	1,864	864
Brooklyn Trust	1,000	1,859	859
Manufacturers Trust	1,000	1,807	807
Total	$5,000	$9,300	$4,300 = 86.0%

$5,000 INVESTED IN FIVE POOREST PERFORMERS

	4-29-42	4-27-44	Market Gain
United States Trust	$1,000	$1,463	$463
Chemical Bank & Trust	1,000	1,515	515
Irving Trust	1,000	1,564	564
Bankers Trust	1,000	1,574	574
First National	1,000	1,609	609
Total	$5,000	$7,725	$2,725 = 54.5%

The market gain of the first investor is $1,575 greater than the market gain of the second investor, or 58% better.

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Harley Lutz's Post-War Tax Program Subject Of Comment

Editor, Commercial and Financial Chronicle:

Dear Sir:—I read with great interest the illuminating and constructive article (A Post-War Tax Program) by Professor Lutz in your issue of Feb. 10, 1944. While his predictions on the consequences of continued Federal taxation at present levels have great merit, he has overlooked certain pertinent factors in the economic and financial world.

Professor Lutz admits that "the national government was established to serve and promote the national interest." Without wishing to sound "New Dealish" might it not be said that the plight of 15,000,000 unemployed was of "national interest". It is true that the efforts of the government during the depression of the '30s was no more than a slight jab in the economic arm, yet it was a political and economic necessity. The "stagnation of private business" was at that time not due to high Federal taxes; government had not hamstrung business with high taxes. How did private enterprise handle the problem of unemployed millions? If the course to be followed by private enterprise in the future is to be judged by their actions in the past, then we must look to some other power for our economic well-being. Billions of dollars of idle money stagnant while millions of men and women became depressed physically, morally, and mentally. What guarantee have we that private enterprise will shake off its moth-worn conservativeness and place human dignity above the dollar sign? Professor Lutz believes that a reduction in taxes on business would help to stimulate industry and relieve unemployment. That may be so but in 1937 savings institutions had approximately $69 billions of savings—idle money which could well have been used to pump life-blood into our economic system.

I, for one, deplore the encroachment of the Federal government upon state and local autonomy. Yet we can eliminate this condition by forthright and unselfish action. If industry and finance will keep in mind the fact that a high level of employment means a greater market for all, and that the vicious circle of unemployment and decreased consumer markets can be broken only by courageous action, then the Federal government need not and will not interfere with a heavy tax burden.

While it is true that all business men are not devils, it is equally true that all are not saints. We have known enough of domestic and international monopolies to realize that the curbing of unsound and selfish economic practices cannot be accomplished by soft words. Governmental action is necessary not to destroy free enterprise but to protect it from its own devil. Let business insure comparatively full employment in peace time, just as it has in wartime, and there will end quickly centralization of power in Washington. Restore the faith of the people in capitalistic system and they will restore to Washington men who will preserve the true balance between government and industry. The revenue program as outlined by Professor Lutz is conservative but not radically so, to use a paradox. I agree with his statement that the recent trend in taxes, if continued, would eventually destroy the states as independent members of a Federal union. We remember that in ancient times Athens started out as the military protector of the members of the Delian Confederacy, and ended by exercising military, political and financial control. We cannot allow the Federal government to become our financial protector unless we are willing to yield our local powers. But rest assured of one fact: if private enterprise cannot or will not take over the economic reins then the Federal government will waste no time in so doing.

Sincerely

DAVID J. CONCANNON

West Hartford, Conn.
April 17, 1944.

Barnard Asst. Mgr. Of Clark Dodge In Boston

BOSTON, MASS.—Clark, Dodge & Co., members of the New York and Boston Stock Exchange, announce that John Barnard has become associated with them as assistant manager of their Boston office at 30 Federal Street.

Mr. Barnard has had broad experience in the securities field. For 14 years after his graduation from Worcester Polytechnic Institute he was with the National City Company. For 11 years of this time, he was in charge of the Springfield office. Since 1934 he had been with F. S. Moseley & Co. in their Boston office. In his new position he will assist Rodney W. Brown, manager of the Boston office of the 99 year old investment firm of Clark, Dodge & Co.

The firm also announces that John R. Johnston has become associated with their New York office as a member of the staff. Mr. Johnston was for many years with Smith, Barney & Co. and more recently was on leave of absence serving as deputy administrator of the OPA in New York.

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Associated Banks:
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Glyn Mills & Co.

Australia and New Zealand
BANK OF
NEW SOUTH WALES
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Reserve Liability of Prop. 8,780,000
£23,710,000
Aggregate Assets 30th Sept., 1943 £187,413,762
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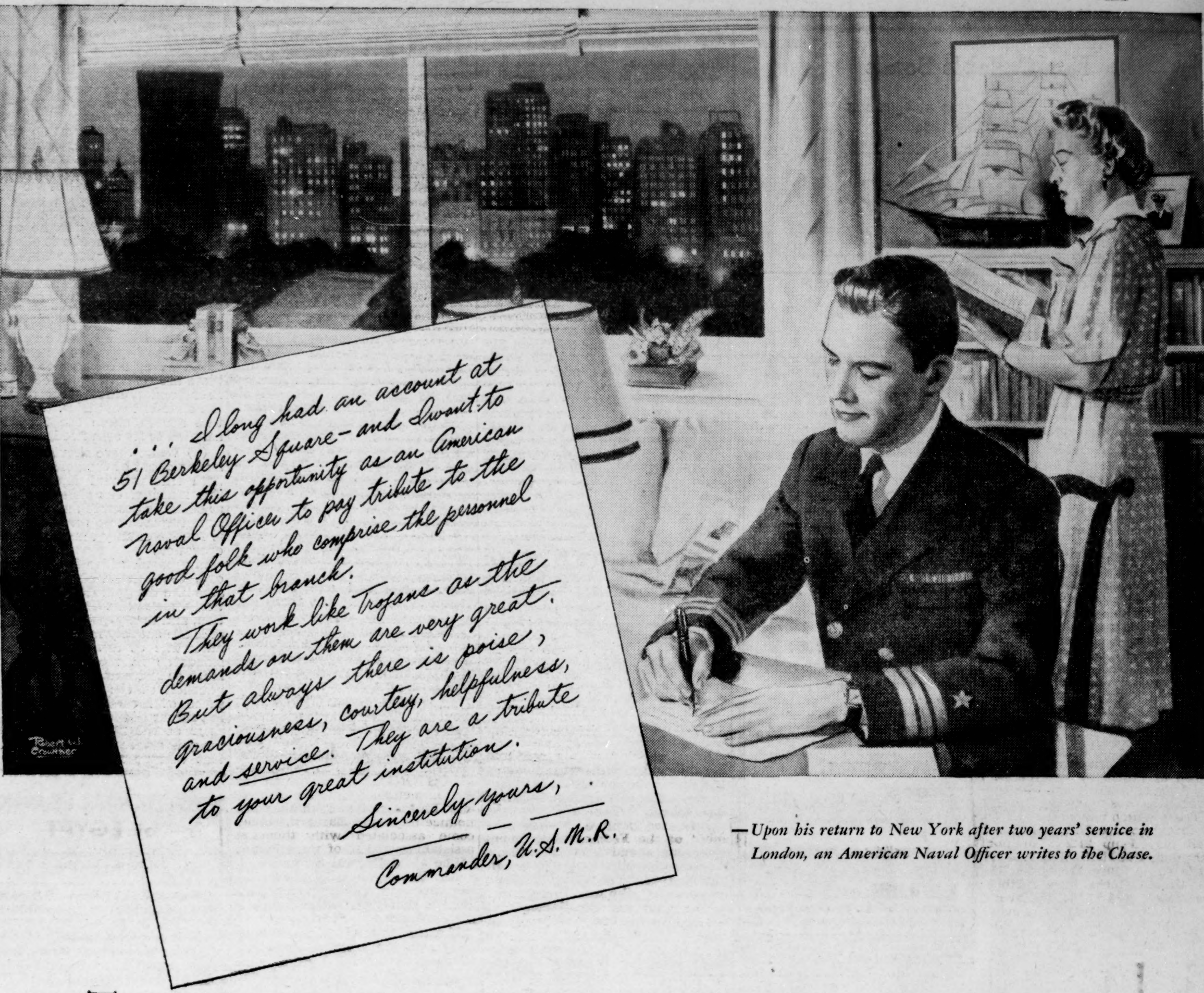
Nongard Elected V.-P. Of Stifel, Nicolaus & Co.

CHICAGO, ILL. — Richard C. Nongard, formerly assistant vice-president, has been made vice-president and director of Stifel, Nicolaus & Co., Inc., according to Joseph D. Murphy, president. Mr. Nongard makes his headquarters at the firm's Chicago office at 135 South La Salle Street.

Frank R. Kirk Dead

SIOUX CITY, IOWA—Frank R. Kirk, 1313 Douglas street, a native of Sioux City, died suddenly at his home of a heart attack. For many years he was cashier of the First National Bank, and for the past 14 years had operated the firm of F. R. Kirk & Co. Investment brokers.



. . . I long had an account at 51 Berkeley Square — and I want to take this opportunity as an American Naval Officer to pay tribute to the good folk who comprise the personnel in that branch.

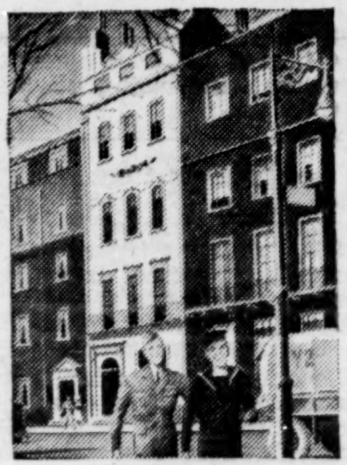
They work like Trojans as the demands on them are very great. But always there is poise, graciousness, courtesy, helpfulness, and service. They are a tribute to your great institution.

Sincerely yours,

Commander, U.S.N.R.

—Upon his return to New York after two years' service in London, an American Naval Officer writes to the Chase.

To get a letter such as the above unsolicited "thank you" naturally makes us happy. And, while we are delighted that the services of our Berkeley Square branch in London impressed the Commander who wrote us this letter, we also feel privileged to have served those in our armed forces who are not depositors at the Chase and whom we try to help in many ways through all our foreign branches.



51 Berkeley Square

We know how little these services weigh in the scales of total war. It is our only wish that, in some degree, they may help keep up the fighting spirit of those Americans who are giving so much for *all* Americans.

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Canadian Securities

By BRUCE WILLIAMS

Despite repeated efforts on the part of theoretical monetary experts to dethrone gold as the basic standard of value, the yellow metal retains the position maintained through the ages as the only universally accepted monetary basis. Governments rise and fall, economic changes proceed apace, but gold continues serenely as the dominant immutable factor in our economic scheme.

Unless human nature can be fundamentally changed, this state of affairs will continue. The value attached to gold must be accepted as a basic instinct which is always clearly demonstrated in periods of crisis—and when the economic machine is working smoothly it serves as the finest lubricant.

After the last war the Canadian gold industry enabled the Dominion successfully to weather a period of deepest depression. The California gold strikes enabled us to withstand the strain of the Civil War and the great discoveries of African gold contributed in no small measure to a period of world-wide prosperity. In the present human scheme, therefore, an ample supply of this precious metal is essential in the preservation of monetary confidence and is also indispensable in any program of expansion of world commerce.

Thus, as frequently mentioned, the great Canadian North-West can play an important part in the post-war economy. In spite of the relegation of the gold-mining industry to a relatively minor position for the duration of the war, the inherent possibilities are already discernible. Even though drilling has been on a comparatively small scale the tremendous promise of the Giant Yellowknife properties in the North West Territories has caused its shares recently to advance in a meteoric fashion. The Minister of Mines of Manitoba has just described the gold discoveries in the Snow Lake district north of The Pas as "verging on the spectacular."

In this connection it is highly encouraging to note that the Canadian gold mining industry is currently taking steps to ensure adequate protection of the investor in mining enterprises. **Furthermore, it can be authoritatively stated that the Canadian Government, supported by leading industrialists, is doing everything in its power to correct the unfavorable situation caused by the antiquated taxation system whereby estates in this country are liable for excessive Canadian succession taxes. It is anticipated that an official announcement concerning this long overdue reform will be made in the near future.**

Another interesting Canadian financial development has just taken place. The City of Edmonton is the first Canadian municipality to enter our market with a public issue (since establishment of the SEC), following on the heels of the successful flotation of the first Canadian provincial registered issue of short-term New Brunswicks. Serial debentures totaling $9,150,000, ranging from 3s of May 15, 1948 to 3¾s of May 15, 1964, will be offered by a group headed by the First Boston Corporation and the Dominion Securities Corporation.

This departure from the recent practice of financing by means of private issues should prove of inestimable benefit to the market for Canadian securities in this country as a whole, and it is to be hoped that the Province of Ontario will resort to this method should it be decided to refund the $18,325,000 issue which matures Sept. 1, next.

During the past week the market remained quiet but firm. The anticipated call for payment of the Canadian National 5s of July 1, 1969, duly materialized and the outstanding National issues were consequently in demand. The 5s of Oct. 1, 1969, were bid at 177¾ but offerings were scarce.

The only other notable feature was the placing of an important block of provincial issues which were offered in connection with the Sixth Victory Loan. Internal issues continued in demand following increasing discussion on the prospects of the return to parity of the Canadian dollar.

Future market developments will continue to be dominantly influenced by the general factor of pre-invasion caution, but any renewal of investment activity should beneficially affect the Canadian section of the market, as several recent bullish factors have passed unnoticed because of the present general lack of investment interest.

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Canadian Business Continues To Expand

The Bank of Montreal, in its business summary dated April 24 states, that the Dominion's external trade, particularly on the export side, continues to expand. In March, according to the bank, domestic exports (excluding gold) reached a value of $282,682,000, bringing the total for the first quarter of the year up to $751,862,000 as compared with $550,194,000 in the first three months of last year. The bank also states:

"The Minister of Munitions and Supply, speaking in Parliament on March 21, estimated the value of Canada's production of war materials during the fiscal year 1943-44 at $3,435,000,000, an increase of $535,000,000 over the figure for 1942-43, and said that the total value of the war contracts awarded up to date was about $9,450,000,000. He explained that, while the output of certain types of war materials is being curtailed, the expansion of others is planned.

"Canada continues to be the main supply source of non-ferrous metals for the United Nations and data recently released place production in 1943 of aluminum at 492,000 tons, of nickel at 102,000 tons, and of zinc at 300,000 tons. The gold mines are still handicapped by the inadequacy of their working forces and production continues in lower figures than a year ago.

"In the forestry industries, an increase in the number of woodcutters, estimated in March to be 9,000, or 37%, higher than in March, 1943, has resulted in a larger cut of wood during the past winter.

"The packing plants continue very busy and the cotton mills in March increased their scale of operations. The construction industry experienced some recovery in March as the value of the new contracts awarded was $31,019,000 as compared with $16.229,000 in February and $11,110,000 in March, 1943. The output of flour in February, the latest month for which data are available, also showed an increase."

FIC Banks Place Debs.

A successful offering of an issue of debenture for the Federal Intermediate Credit Banks was concluded April 18 by Charles R. Dunn, New York fiscal agent for the banks. The financing consisted of $31,460,000 ⅞% consolidated debentures, dated May 1, 1944 and due Jan. 2, 1945. The issue was placed at par. Proceeds, together with other cash funds was used to retire $41,010,000 debentures due May 1, 1944. As of May 1, 1944 the total amount of debentures outstanding was $284,435,000.

Gold In Post-War Monetary Plans

(Continued from page 1818)

wife, the standard should be above suspicion. To this end it should be simple and be a development out of a long, common experience. The people distrust what they do not understand.

To be kept simple and to function efficiently and not at cross purposes the monetary system should be kept free from extraneous matters, either of a fiscal or social reform nature. The chief functions of money are those of providing the public with a common measure of value and with efficient and stable media of exchange. These are highly important functions and every monetary system should be organized and operated with the primary purpose of performing them well. All too often monetary systems have been wrecked on the rocks of fiscal opportunism.

In the light of these facts I may introduce my recommendations for post-war monetary reconstruction by quoting an excerpt from the 1931 report of the famous Macmillan Committee of England, which consisted of 14 eminent British financiers. The Committee said: "There is, perhaps, no more important object in the field of human technique than that the world as a whole should achieve a sound and scientific monetary system. But there can be little or no hope of progress at an early date for the monetary system of the world as a whole, except as the result of a process of evolution starting from the historic gold standard."

No other kind of currency system in a distracted postwar world will so quickly restore the confidence of the public as a true gold standard. No other kind can be made so simple, so easily understood. That means much for the monetary system of a democracy. Can there be any doubt what the verdict would be if you should put to a popular vote in the United States today the question: In what kind of a dollar would you prefer to have your social security and your government bonds payable, a gold-standard dollar or a managed paper-money dollar?

If after the war the world is to return to the international gold standard, what kind of a gold standard shall it plan to have? That is a large question and all I may hope to do within the limits of my short testimony today is to state briefly a few general principles.

The following 11 principles should be adopted:

(1) The subject is an international one, and its satisfactory solution demands a high degree of international cooperation, which should begin at once and continue indefinitely. It should include small nations as well as large ones although a few large nations may well take the initiative.

(2) The monetary unit should be established in each country, after conference with other countries, but without any compulsion from them whatever. The determination of the size of a nation's monetary unit is affected with such a great public interest and is so highly prized as a prerogative of sovereignty that it is impracticable to subject it to outside interference. If compulsory interference from outside is undertaken it is not likely to be effective very long.

(3) War time inflationary policies should be discontinued at the earliest possible date after the armistice, and everything possible should be done by the government to inspire confidence in the currency.

(4) Measures should be taken early providing for the ultimate discontinuance of all artificial price and exchange controls, but the process of discontinuing them should be put into effect by cautiously measured steps.

(5) After prices have settled down to what, for want of a better name, may be called their "natural level" there should be a "try-out" *de facto* stabilization of the monetary unit at this level.

(6) The *de facto* stabilization in due time should be followed by a *de jure* stabilization, but the latter should not be adopted until the government is in strong enough position financially to be confident that it can make it stick.

(7) There are three important types of the gold standard, namely, the gold-coin standard, the gold-bullion standard and the gold-exchange standard. These types frequently overlap and each of them is found in many varieties. Each type has its own advantages and disadvantages and these are relative to the economic, fiscal and political conditions in the different countries. Each nation should chose the type best adapted to its own needs.

(8) While there should be some management of the gold standard, both international and national, this management should be kept as small as possible and should be superimposed upon a system that is fundamentally automatic in its operation.

The popular idea is a fallacious one, that metallic-money standards like the gold standard are entirely automatic in their operation, and that paper-money standards are entirely managed and not automatic at all. All monetary standards in modern times are more or less managed. It is not a question of the presence or absence of monetary management, but rather of the extent and character of the management. With the gold standard the management that will be required should be conducted according to certain established principles that will be accepted by the world's leading central banks under the authority of their respective governments. With reference to this management or non-management the following general principles should be followed:

There should be no restrictions on the holding by the public of gold coin or gold bullion within the country, nor, under the gold-coin standard, on the free coinage of bullion at the mint or the melting down of gold coin. The exportation and importation of gold should be free from all trade restrictions and tariffs. Under such conditions gold will enjoy a very high degree of fluidity in its movements, both national and international, and the value of the gold monetary unit in each gold-standard country will be held very close to that of its gold equivalent in every other gold-standard country and to the value of gold bullion in the free markets of the world. There should be a high degree of freedom in the international movement of goods. The gold standard can function over high tariff barriers as it has many times in the past, but high tariff barriers are obstacles to international trade and finance and to the smooth and orderly functioning of any monetary standard.

On this subject there has been much confusion growing out of the popular notion that gold moves in international trade only "to pay balances." As a matter of fact, gold moves for the same fundamental reasons that any other commodity moves — *to seek the best market.* It goes abroad whenever it is worth abroad more than it is worth at home by a sufficient margin to yield an attractive profit after paying all the expenses of its exportation. Its importation from abroad is merely the other side of the same shield. As a general proposition, and omitting such things as gifts, and losses by ship-wreck, bankruptcy, fraud and theft, a nation's total exports—visible and invisible—are equal to its total imports—visible and invisible—when viewed over a substantial period of time. If this were not true a nation would either be getting goods from abroad free or giving away goods to foreigners. If, for example, a country is normally exporting 50 different commodities (including gold from time to time), and is normally importing 60 different commodities (including gold from time to time), the 50 commodities on the one side and the 60 on the other will be in balance. The balance will be destroyed if *any* commodity on either side is omitted and this is no more true of the commodity gold than of any other commodity in the balance sheet. Gold normally moves very easily in international trade because it is the most marketable of all commodities. It does not move "to pay a balance" in any true sense of that term.

A country that has sold goods in a foreign market has credit there that it can draw upon for the purchase of any goods for sale in that market at the current market prices, and this applies as fully to gold as to any other commodity. Viscount Goschen once said in speaking of England's position: "Our powers of obtaining gold would only be exhausted when the country had nothing left to sell." When a country on a gold standard loses an undue amount of its gold it is usually not because the gold has been pulled out by foreigners but because it has been pushed out by inflationary fiscal policies at home.

(9) There should be interconvertibility on demand of all kinds of non-gold money with gold coin, gold bars or gold drafts, as the case may be. Such convertibility serves the gold standard in three different, but closely related, ways. First, it keeps all the different kinds of money, e. g., gold coin, bank notes, fiduciary silver coins and minor coins, at a parity with each other. It does so by providing the machinery by which excessive issues of any particular kind of money are promptly withdrawn from circulation and deficiencies in the circulation of any particular kind of money are made up. Second, the convertibility into gold on demand, by creating confidence in the currency, increases its acceptability by the public in times of low public confidence, and thereby checks "flights from the dollar" and the resulting enlargement of the currency supply which would otherwise be caused by the increasing velocities of circulation. Third, the third function that convertibility performs is fundamentally the most important one. It is the function of maintaining the gold parity of the monetary unit by continually adjusting the currency supply to the changing currency demand. Here, a nation's gold reserve functions as a buffer fund or, as it is cometimes called, a regulator fund.

Under conditions of currency redundancy and resulting gold exportation, the central bank must always be in a position to give out gold freely for exportation as long as required to relieve the country of its relatively redundant currency and to force exchange rates below the gold-export point, thereby bringing the country's price level and discount rates back more nearly in equilibrium with those of the rest of the world.

Obviously, a country's normal gold reserve should be sufficient to provide for the absorption, through redemption in gold or gold exchange, of any currency in circulation that may be rendered excessive by the usual fluctuations in business. In addition it should be large enough to afford a reasonable margin of safety for extraordinary emergencies.

(10) The principal monetary authority in each country should be a central bank. On this subject the recommendation of the Brussels International Conference of 1920, was sound in saying that, ". . . in countries where there is no central bank of issue, one should be established. . . ." In the interest of an efficient administration of the gold standard, the central bank should have the exclusive right of note issue, and the gold reserve of the nation should be centralized in the bank. The central bank should be controlled by a board of directors on which there should be representatives of the government, representatives of the member banks and representatives of business, as is the situation in many South American countries.

While no one denies that a nation's central bank should be administered with primary regard to the public welfare and with very little effort to earn profits above a modest return on capital, it is not so well recognized that in the great majority of cases where central banks have suspended gold payments, it has been done under the political pressure of governments to meet fiscal needs. The trouble has been caused much oftener by governmental exploitation than by exploitation for profit by private interests. The nation's monetary authority should be the board of directors of the central bank. The board should have a substantial government representation but should not be under government domination. This is not so much a lesson of abstract monetary theory as it is of very realistic monetary history.

(11) An international gold standard will call for an international bank with which the central banks of all gold-standard countries should be affiliated and to which they should contribute the necessary capital.

The functions of this bank should be exclusively of a monetary and banking character. It should be a central bank of central banks. The bank should not make long-time loans to its member banks nor otherwise enter the field of fiscal operation. Such activities may be very important in international affairs, but they belong to agencies other than the international central bank.

The principal functions of this bank should be: (a) to serve as an international clearing house for the member central banks. (b) To hold part of the reserve of the member central banks. (c) To collect, organize and help interpret for its members international credit, monetary and other financial information. (d) To serve as a meeting place for conferences, formal and informal, of member bank officials—a function which the existing Bank of International Settlements has usefully performed.

With reference to the Joint Resolution (H. J. Res. 226) now under consideration by this Committee, I would say without passing judgment on the details of the Resolution or on the make-up of the Board of Governors, that I believe the purpose of the Resolution is sound and that the duties assigned to the Board are proper ones. The United States will have a large responsibility in the great post-war task of world monetary rehabilitation. It should be prepared to act promptly the moment the war ends. The proposed Resolution, I take it, is intended to prepare the way for such prompt emergency action, and does not purport to offer a final solution of the problem. The adoption of some such resolution at this time would help implement the kind of monetary reorganization which I am advocating for the post-war world.

J. J. Kelly Convalescing

DES MOINES, IOWA — James J. Kelly, resident manager for Sincere and Company, has been in Mercy Hospital, Des Moines, for the past six weeks suffering from a broken hip. He reports that he is getting along nicely and expects to leave the hospital in about a month.

Edmonton, Can., Issue To Reach Market Soon

Initial Canadian Municipal Borrowing In U. S. Since SEC Was Formed

A banking group headed by the First Boston Corp. and the Dominion Securities Corp. is scheduled to make public offering on or about May 17 of $9,150,000 Edmonton, Alberta, debentures. This will mark the first Canadian municipal borrowing to be undertaken in the United States since formation of the Securities and Exchange Commission. Registration statement was filed with the SEC on May 1.

Edmonton, the ninth largest city in Canada, will employ the proceeds of the impending sale to retire on Aug. 1 next, $8,718,653.80 first consolidated debentures due Feb. 1, 1967.

The new debentures will mature annually in amounts of $525,000 from May 15, 1948 to May 15, 1955 and in amounts of $550,000 from May 17, 1956 to May 15, 1964. Coupons will range from 3% to 3¾%. The terms of the offering will be announced at a later date. The new debentures will be payable at the holders' option in lawful money of the United States or lawful money of Canada.

Associated with The First Boston Corporation and The Dominion Securities Corporation will be Harriman Ripley & Co., Incorporated; Smith, Barney & Co.; A. E. Ames & Co., Inc.; Wood, Gundy & Co., Inc. and McLeod, Young & Weir.

Payne Renominated As Chairman Of Govs. Of Chicago Stock Exch.

CHICAGO, ILL. — Harry M. Payne, partner of Webster, March & Co., was nominated to serve a second term as Chairman of the Board of Governors of the Chicago Stock Exchange, it was announced by the Nominating Committee which posted its nominees for all offices to be filled at the annual election of the Exchange to be held Monday, June 5, 1944.

The following were nominated to serve three years as members of the Board of Governors:

George E. Barnes, Wayne, Hummer & Co.; Joseph P. Brown; Walter J. Buhler; John R. Burdick, Jr.; Harry C. Daniels, Apgar, Daniels & Co.; Chancellor Dougall; Alfred W. Mansfield, Thomson & McKinnon; Frederick R. Tuerk, Cruttenden & Co.

John J. Bryant, Jr. was nominated for chairman of the 1945 Nominating Committee. Other nominations for the committee were: Sidney L. Castle, Carter H. Harrison & Co.; M. Ralph Cleary, Cleary & Co.; Carl J. Easterberg, Riter & Co.; and George E. Hachtmann.

The Nominating Committee which presented today's reports consists of Paul B. Skinner, Hornblower & Weeks, Chairman; Leo M. Apgar, Apgar, Daniels & Co.; William A. Fuller, William A. Fuller & Co.; John J. Griffin and Henry L. Vehmeyer.

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Mutual Funds

A Good First Quarter

As the figures come to hand it is increasingly evident that mutual funds as a group enjoyed an excellent first quarter. In fact, during this period a number of companies achieved the best three months' growth in their history.

In this category is **Wellington Fund** with assets of $11,589,963 at March 31, an increase of $1,179,000 since January. After reporting on the company's progress, Walter L. Morgan, President, inserts the following interesting comment in his letter to shareholders:

"When we speak of a fund such as Wellington as a mutual fund, just what do we mean by 'mutual?' I would say that Wellington Fund is a mutual investment fund because in our fund there are nearly 7,000 shareholders banded together in order to obtain the advantages of broad diversification, continuous income and experienced management. We investors in this fund all have equal rights. We, through the fund, can accomplish many things that we could not obtain as an unorganized group.

"Investors in mutual funds owe much favorable legislation to their mutual strength. Equally important is the freedom from unfriendly legislation which mutual funds have gained by working together.

"We obtain an experienced management supervision that would otherwise be difficult. We receive our quarterly dividends in one check even though we have an interest in over a hundred securities in the fund. This saves us a tremendous amount of detail which would result if we had to deposit 100 dividend checks or interest coupons four times a year.

"Finally, I believe that the 'mutual' fund offers a 'peace of mind' through the diversified portfolio. This is very comforting in these difficult days when it is harder than ever to know just what individual securities or what industries will fare best in the remaining months of the war and the post-war period."

* * *

Keystone Corp. devotes the current issue of **Keynotes** to another of its interesting series of discussions on taxes. This memorandum is entitled "Work Started on Tax Relief" and it lists the steps taken in the current drive to make a comprehensive revision of all Federal taxes.

* * *

George Putnam Fund reports net assets of $8,843,000 as of March 31, 1944, compared with $7,965,000 at the beginning of the quarter. Total market value of securities owned on March 31 was approximately $655,000 in excess of cost. An interesting aspect of the report was a chart showing the increasing percentage of the funds invested in rail securities. From a low of 10% in 1939, this category has risen to 25% as of March 31, 1944.

* * *

Distributors Group has published a study entitled, "Vital Statistics of the Railroad Industry." In the covering letter two questions are posed:

1. What IS the fundamental position of the railroads today?

2. Do real opportunities STILL exist in discount railroad bonds?

The study (covering all Class I Railroads) should go a long way toward answering these questions. It reveals that for the year 1943, in comparison with 1929—

(a) total operating revenues were **up** 44.5%;

(b) income available for fixed charges was **up** 77.1%;

(c) total fixed charges were **down** 16.5%

—with the result that the railroads earned their fixed charges

(Continued on page 1834)

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The Keynes-Morgenthau Plan As Revised By The Experts Of Thirty Nations

(Continued from First Page)

uniform change may be made in the gold value of member currencies, provided every member country having 10% or more of the aggregate quotas approves."

This means that the President of the United States, through his representative in the international fund, could make an agreement changing the gold content of the dollar without the consent of Congress — a power which the Congress took away from the Executive in 1943, and a power which the Executive should never have.

There has been some suggestion that the dropping of Bancor and Unitas, and the frequent mention of gold make the revised plan a gold standard plan. This is wholly erroneous. The new bank ("fund") must have some "money of account" in which to keep its books. This could be the dollar, or some other currency, as easily as Bancor or Unitas. The important question is as to whether the unit is fixed in gold and redeemable in gold. The answer is "No," on both points.

The great essentials of the Keynes plan remain. The strong currencies of the world, which means chiefly the dollar, are to put their strength behind the weaker currencies so that all the currencies look strong, and so that the weak may pull the strong down. When weak and strong alike have grown weaker against gold, then weak and strong alike may agree to repudiate their gold obligations in part by making "an agreed uniform change" in their gold obligations, and doubtless expect to retain their respectability while so doing. This plan, which thus definitely contemplates world wide repudiations of gold obligations, has, as one of its avowed objectives (I, 3) "to give confidence . . ."

The new plan, like the old plans, seeks to achieve **exchange** stabilization without doing anything about **currency** stabilization and without doing anything about budget balancing or other things necessary in a particular country as a foundation for currency stabilization. The new plan, like the old, would allow a weak country whose finances were out of hand, whose money market was in disorder, whose government, taxing inadequately and avoiding internal funding loans, was borrowing from the central bank of issue to meet its expenses, to continue in this course without concern for the standing of its currency in the international exchanges, up to 200% of its quota. The country would be supposed to put in 25% of its quota in gold, if it had the gold, but if it didn't have much gold, it could put in only 10% of the gold it had and obtain the foreign exchange it needed from the fund up to a multiple of many times the gold it had put in. It could import food and other things needed by its people as long as this foreign exchange lasts, and it could put off the politically unpleasant day of drastic internal financial and currency reform until double the quota is exhausted. Meanwhile the strong countries and particularly the United States, exporting to weak countries, could have a boom, ending violently when the borrowing power of the weak countries is exhausted. We could repeat the post-war boom of 1919-20 and then have the violent post-war crisis of 1920-21.

The original Morgenthau plan had provided for quotas of five billion dollars or more. The new plan calls for quotas of eight billion dollars if all the United and Associated Nations subscribe to the fund, and of ten billion dollars if the world as a whole comes in. Practically, the available funds, the real assets of the fund, would be chiefly the amounts subscribed by the creditor countries. This would supposedly be 2 billion 500 million to 2 billion 750 million contributed by the United States, and such additional funds as countries like the Argentine, Sweden, Switzerland, and other countries without heavy foreign trade deficits, might put up. Great Britain would almost certainly seek to take more out of the fund than she put into it, and Russia, having in mind her great desire for heavy post-war imports of machinery and other things, even though she put up 250 million dollars of gold to start with (25% of her quota of 1 billion dollars)[3] would reasonably expect to take out a good many more dollars than she put in. The effective resources of the fund at the outset would certainly be very much less than the eight billion dollars or ten billion dollars talked about. Most of the contributions made to the fund in the form of currencies of the weak countries would be elements of weakness rather than of strength to the fund, and this would be true of sterling as well as the Continental currencies unless England makes a drastic change in her currency policy. The really effective assets of the fund would be the gold put in and the dollars put in.

However, three billion dollars in dollars and gold put into a fund of this kind would, on the basis of our experience of 1919, permit a very lively export boom, pleasing to short-sighted people, to dedevelop in the United States and to continue until the dollars and gold in the fund grew scarce.

Apportionment of Scarce Currencies

At this stage, when dollars and gold in the fund grow scarce, we run into one of the very imperfectly thought out aspects of the new plan. The plan provides that when it becomes evident to the fund that the demand for a particular country's currency may exhaust the fund's holdings of that currency, the fund shall so inform member countries and propose an equitable method of apportioning the scarce currency, and that this decision by the fund shall operate as an authorization to a member country temporarily to restrict the freedom of exchange operations in the affected currency.

Now this means that when dollars grow scarce in the fund all the countries needing dollars must ration out their supplies. It is by this method that the fund would prevent the depreciation of the weaker currencies in terms of the dollar. This means price-fixing of dollars, and rationing of dollars as part of the price-fixing, in all the weaker countries. It destroys a free foreign exchange market in the dollar in those countries.

But the corollary has not been envisaged by the experts of the thirty nations who drafted this report, or at all events it has not been mentioned by them. What would we then be obliged to do in the foreign exchange markets of the United States as we ourselves deal in the currencies of these weaker countries? If we enter the fund, we are under obligation (IX, 2) not to allow exchange transactions in our market in currencies of other members at a discount from the agreed rates.

The Creation of New Blocked Currencies

This would mean that American exporters, holding sterling, francs, lire, drachmae, and other weak currencies as a result of exports to these countries would suddency find them blocked. They could not sell them at a discount. They could sell them only at the fixed rate, and at the fixed rate the dollars available would be rationed. The picture in the proposal of the experts with respect to the apportionment of scarce currencies (VI) suggests that this rationing is to be only in the markets of the weaker countries, but the foreign exchange market is a market involving all the countries, and the biggest supply of foreign exchange offered in the exchange market originates, not in the importing country, but in the exporting country. The rationing of dollars would be, first of all, a rationing of dollars to American exporters of goods. The inauguration of the plan would encourage American exporters to export with confidence, drawing bills in francs, in drachmae, in lire, and in sterling with confidence, sending out goods today and drawing bills payable in ninety days in the foreign currencies. And then suddenly the time would come when they would find, as they take these bills to their banks and try to get dollars for them, that the dollars are no longer available.

With the free foreign exchange markets of 1919 and 1920 the exporter, selling in francs or lire, might find that the foreign exchange market had gone against him and that he got less dollars than he expected for his francs or lire or sterling, but, at all events, he could take his losses, sell them for what they would bring in the foreign exchange market, and liquidate his own debts. But with this new arrangement, designed to encourage exports and promising stablized exchange rates, he might suddenly find that he had no market at all, that his foreign currencies were blocked, and that he himself, with his assets in the form of illiquid blocked foreign currencies, was a bankrupt unable to pay his own debts. There would be indeed a fixed exchange rate, but there would be no exchange market. Of course "black markets" in foreign exchange would mitigate this. We could prevent such markets in peace time only if we had a Secretary of the Treasury with the sagacity of Dr. Schacht, and a President with the power and ruthlessness of Hitler. Thus would come the first great jolt, the first great violent setback in the grandiose scheme for world inflation first drafted by Lord Keynes. Lord Keynes' plan would not have let it come so soon. His plan, operating with bancor deposits, would permit a much greater expansion.

It would be, doubtless, at this stage, that a further resource of the new plan would show itself. With a violent outcry from an angry world and with a violent outcry in particular from misled American exporters facing bankruptcy, the fund would be under great pressure to turn to its second resource (III 4 (a)) which reads "The fund will be entitled at its option with a view to preventing a particular member's currency from becoming scarce: (a) to borrow its currency from a member country."

That is to say, the fund having exhausted the dollars which we first provided, would turn to us to borrow more to set the thing going again. Now, how would the fund borrow? The original version of the Morgenthau plan gave the fund authority "to issue its own obligations and to discount or offer them for sale in member countries" (III, 1). And the plan authorized the fund to sell bonds (III, 12) of different countries which had come into its hands as part of the original subscriptions of the quotas of the different countries. The new plan says nothing about any of these procedures which would ordinarily get investor's money. No bonds are to be put into the fund as part of the quotas, only gold and domestic currencies. The fund, moreover, is not to have accounts with any banks except the central banks of difference countries. The fund would thus naturally deal with the Federal Reserve banks of the United States, borrowing not investor's money, borrowing not even from the commercial banks, but borrowing in the most inflationary manner of all, namely, from the Federal Reserve banks.

Whatever way it borrowed, however, the objective would be to free the newly blocked foreign exchanges, and to permit a new cycle of exports to begin against dollars provided by credit in the United States.

We might, of course, be sufficiently enlightened by an experience of this sort so that we would say, "No more credit, the plan is no good, we will take our losses now and make our readjustments." But if history and experience are to tell us anything, we do not need to go through this experience again. We went through it in 1919 and 1920 and we paid for it in 1920 and 1921. I have elaborated these episodes in my address of May 11, 1943, and again in my address before the Chamber of Commerce of the State of New York on Feb. 3, 1944, and I refer to these discussions for the details.

The new plan drops a good many of the things that have been criticized in the earlier plans. The notion that the fund should have liabilities in the form of deposits, and the notion that a country's claims upon the fund should be counted as part of the gold reserves of its central bank, have both been dropped. The plan says nothing whatever about what the liabilities of the fund shall be. We are told what its assets shall be, but we are not given a balance sheet plan showing its liabilities. This matter has been discussed enough so that if the experts could have agreed upon this point, they would surely have said something about it. The new plan drops the absurd notion that the fund "shall not intrude" upon the ordinary transaction of the foreign exchange market. There are, rather, abundant provisions for intrusion, for controls, for restrictions, and for domination.

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[3] These figures for quotas of different countries are tentative, and are taken from the news story by John MacCormac in the *New York Times* of April 22, 1944. Will Russia put her currency into the fund, and allow the fund to draw checks on the state bank of Russia?

It is significant that the new plan drops the provisions in the earlier plans for taking care of "blocked balances" and "abnormal war balances" and "abnormal balances in overseas ownership." The new plan says (X, 1) "since the fund is not intended to provide facilities for relief or reconstruction, **or to deal with international indebtedness arising out of the war** . . ." (bold mine.) Now this is a highly important change. The original Morgenthau plan blithely started out with a five billion dollar fund which should take care of the abnormal war balances and stabilize the foreign exchanges. When it then developed that Great Britain's blocked balances alone amounted to four billion dollars and were increasing in India alone at the rate of twelve hundred million dollars a year, the inadequacy of the Morgenthau fund of five billion dollars (only part of which was internationally valid cash) to deal with this vast problem became apparent, and the next version cut down the amount of blocked balances that could be dealt with in the first two years to something like five hundred million dollars. The new version drops the blocked balance problem entirely. Lord Keynes had a better perspective on this when he provided a fund which could expand indefinitely merely by marking up its assets on one side and its liabilities on the other! The bancor fund could swallow anything, but the newly revised Morgenthau fund, even expanded from five billion dollars to eight or ten billion dollars, refrains from undertaking to swallow any of the blocked balances.

This means that the new plan gives up the great problem of setting the foreign exchanges free. It means that sterling will be left tied up so far as existing blocked balances are concerned. It means that the world is called upon to subscribe eight to ten billion dollars without being promised anything like free exchange markets. The plan indeed contemplates (X, "Transitional Arrangements") that exchange restrictions and bilateral trade arrangements and extraordinary interferences with foreign trade shall only gradually be ameliorated. We ought to get very much more than that for very much less money!

The whole approach is wrong. The problem is not a problem of foreign exchange stabilization. The problem is a problem of currency stabilization for each country separately. Many countries after the war will be able to straighten out their own currencies by internal reforms, as France did in 1926. Any country can do it if given a stabilization loan in moderate amount, accompanied by foreign supervision of the loan, and accompanied by the demand on the part of the lender for balanced budgets, resumption of gold payments, and a discount rate policy and general money market policy which will protect the gold. Austria did this in 1923. Germany and Hungary in 1924, and Poland in 1927. I have amplified these proposals in the earlier documents referred to, and in particular in the article in the "Commercial and Financial Chronicle" of Dec. 16, 1943. The immediate post-war problem of relief calls for gifts, not credits.

The new plan retains the vices discussed in that same article and in the address of May 11, 1943, of tying foreign exchange transactions to tne domestic money market in such a way that money market control in each country is interfered with by every foreign exchange transactions of magnitude. Central banks and exchange stabilization funds ought not to be the instrumentalities for foreign credits or foreign lending. Investors' money ought to be used when foreign lending for any length of time is involved, and commercial banks, not central banks, should give the short-term, revolving credits.

Finally, the new plan retains the vice of the earlier plans that it creates an international bank, the overwhelming majority of whose Board of Directors are impecunious debtors to the bank, anxious to borrow more. If we could look upon the individual experts of the thirty-four nations who have unanimously agreed upon this plan as independent experts, we might marvel that they agreed to create such a bank. But if we look upon the foreign experts as the political representatives of foreign governments which are financially hard pressed, and anxious to get credit without giving too much consideration to the ultimate painful pay-day, I think that we should rather marvel only that our own Treasury joined in making the decision unanimous.

The CHRONICLE invites comments on the views expressed by Dr. Anderson, in this article, or on any related phases of the subject under discussion. Comments should be addressed to Editor, "Commercial and Financial Chronicle," 25 Spruce Street, New York 8, N. Y.

Municipal News & Notes

With the $1,440,000 Allegheny, Pa., and $2,000,000 Providence, R. I., issues now out of the way, and the Minneapolis offering of $1,700,000 scheduled to reach the the market today, the next sizable issue on the calendar consists of the $3,180,000 Orleans Levee District, La., loan, for which bids will be opened on May 16. Later in the month, on the 24th, the Chicago School Board will market an issue of $11,000,000 refundings, and this represents the only other important new operation in sight at this writing. There are, of course, two really substantial issues in prospect, namely, $42,000,000 by the Consumers Public Power District, Neb., and $57,000,000 by the California Toll Bridge Authority.

Both issues are believed to be practically all set for placement, with the power issue seemingly having the "edge" insofar as imminence of sale is concerned. As a matter of fact, with the Fifth War Loan drive scheduled to get under way on June 12, it may be that both of these offerings will materialize before that date. However, this will depend on the state of the market, the tone of which, incidentally, has not been very good in the recent past.

This condition has been reflected in a marked slow-up in trading activity, particularly, it appears, with respect to high coupon and high premium bonds. Items of this character are held by dealers in considerable volume, representing liquidations conducted by institutional and public trust funds in the recent past. Because of the high premium entailed, such issues apparently are not favored by some investors, a point developed in some detail in this space last week, as a result of a recent study on the subject prepared by J. A. White & Co., Cincinnati.

Apropos of investor reluctance, is the price reduction recently made on the unsold portion of the $2,311,000 Baltimore, Md., 3½% water bonds of 1970-1981. These bonds were acquired by the syndicate from the city sinking funds on March 28 at a price of 143.07, and the original re-offering prices were from 1.60% to 1.75%. On April 27, however, the syndicate was closed and prices were cut from 5 to 10 basis points on the approximately $2,000,000 bonds still unsold, according to report.

Prevailing new prices range from yields of 1.70% to 1.80%. Maturities of 1972-75 and 1978 were cut 10 basis points and those of 1976-77 and 1979-81 were lowered five basis points.

Members of the syndicate reportedly ascribed the poor reception accorded the securities by investors to the high premium involved, pointing out that bonds of similar maturity, with a low coupon, have moved out rapidly at similar yields to those of the Baltimore offering.

Taxes Took 23.5% of 1943 National Income

Increases of 141% in total tax collections — federal, state and local—between 1939 and 1943 represents a rise of only 5% in proportion to the rising national income during these years, the Federation of Tax Administrators said after analysis of pre-war and wartime tax collections.

The three levels of government collected (excluding social security taxes, considered insurance payments) $12,602,000,000 during the 1939 fiscal year, which represented 18.5% of national income for that year; total collections for fiscal 1943—$30,398,000,000—were 23.5% of total fiscal 1943 income.

National income (excluding undistributed corporate earnings), however, rose 90% during the five-year period, from $68,021,000,000 for the 1939 fiscal year to $129,350,000,000 for the 1943 fiscal year.

Relatively moderate increase of total tax collections in proportion to national income is explained, the federation said, by the fact that local taxes decreased, not only in proportion to the growing national income but in absolute amount, while state collections during the same period did not keep pace with the swift rise in national income.

State tax collections rose from $3,057,000,000 in 1939 to $3,906,000,000 in 1943, an increase of 27.8%, though they were only 3% of national income in 1943 compared with 4.5% in fiscal year 1939. And significance of local tax collections in proportion to national income was cut almost in half during the five-year period, dropping from 7 to 3.6%.

Federal collections, however, increased 360%, from $4,760,000,000 for fiscal 1939 to $21,880,000,000 for the 1943 fiscal year. On the basis of per cent of national income, the increase was from 7%—equalled by local collections in 1939 — to 16.9% for the 1943 fiscal year.

Preliminary estimates for federal, state and local tax collections for the 1944 fiscal year indicate that present trends are being accentuated still further, according to the federation's study, based on compilations from various sources, including the treasury department and the bureau of the census.

N. Y. Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Arthur A. Blaicher, general partner in Coggeshall & Hicks, New York City, became a special partner on May 1.

Jerome Melniker, member of the Exchange, retired from partnership in Mervin Ash & Co., New York City, on April 29. The firm continues as members of the Exchange.

Edward W. Bishop withdrew from partnership in Billings, Olcott & Co., New York City, on April 29.

William J. Doyle, Jr. retired from Scholle Brothers, New York City, on April 30.

William B. Anderson & Co., New York City dissolved, effective April 30.

Thomas Hitchcock, partner in Lehman Brothers, New York City, died on April 19.

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You can do it by not using Long Distance between 7 and 10 P. M. Those are the night-time hours when many service men are off duty and it's their best chance to call the folks at home.

BELL TELEPHONE SYSTEM

Mutual Funds

(Continued from page 1831)

last year by a **wider margin than ever before**—4.80 times, as compared with 2.32 times in 1929. Moreover, their cash resources today are over **three times** what they were in 1929.

> **"Yet, despite the amazing improvement in the fundamental position of the railroads, discount railroad bonds, as a group, would still have to appreciate approximately 35% from present levels in order to re-establish their normal price relationships of previous good years!"**

* * *

Investment company sponsors in general may do well to study the new prospectus of **Equitable Investment Corporation of Massachusetts.** We don't pretend to be experts in this phase of investment company operations. But it is a relief to receive a prospectus which is only 12 pages from cover to cover.

* * *

"Scientific Developments from the Investor's Viewpoint," is the subject under discussion in the current issue of 'Investment Timing,' published by **National Securities & Research Corp.** The discussion summarizes developments and prospects in such varied fields as electronics, sulfa drugs, pencillin, soy beans and synthetic textiles. Other articles on this fascinating subject are to follow.

* * *

Lord, Abbett presents an interesting discussion of Affiliated Fund's current position in the latest copy of "Abstracts." During the first quarter of this year the management has been building up reserves in bonds and cash in preparation for any sharp reaction which might occur on sudden news developments during this critical period of the war. The following tabulation gives the position of Affiliated Fund as of March 31, 1944:

"Capital Goods" stocks and bonds	$817,500
"Consumers Goods" stock and bonds	17,362,400
"Reserve" bonds and cash	4,176,000
	$22,355,900

The memorandum underlines the basic, longer-term confidence of the management in the market, but points out that, in its present position, Affiliated Fund has not gone to extremes—either toward conservatism or toward all-out volatility.

Dividends

Keystone Custodian Fund "S-2"—A semi-annual distribution of 45c. a share payable May 15, 1944, to shareholders of record April 29.

New York Stocks, Inc.—The following distributions payable May 25, 1944, to stockholders of record May 5:

NEW YORK STOCKS, INC.
Special Stock

	Amount of Dividend Per Share
Agricultural Industry Series	$.14
Alcohol & Dist. Industry Series	.30
Automobile Industry Series	.12
Aviation Industry Series	.33
Bank Stock Series	.13
Building Supply Industry Series	.10
Business Equip. Industry Series	.22
Chemical Industry Series	.11
Electrical Equip. Industry Series	.13
Food Industry Series	.20
Government Bonds Series	.00
Insurance Stock Series	.16
Machinery Industry Series	.20
Merchandising Series	.19
Metals Series	.20
Oil Industry Series	.10
Public Utility Industry Series	.10
Railroad Series	.15
Railroad Equip. Industry Series	.15
Steel Industry Series	.18
Tobacco Industry Series	.25

Philip Goodhart Dead

Philip J. Goodhart, member of the New York Stock Exchange from 1877 to 1909, passed away peacefully at his home 550 Park Avenue, New York City.

Dealers Cite Reasons Why NASD 5% Rule Imperils Small Business

(Continued from page 1820)

superior selection and judgment, increases the customer's capital 20, 50 or 100% or returns substantial income returns.

The test of any mark-up or dealer profit should be it's proportion to the amount of satisfaction, profit and gain accruing to the customer compared to the average performance of the securities and investment field, market and trade obtainable.

CHICAGO, ILL.

The market for smaller corporations will suffer seriously—they will lose their sponsorship.

CHICAGO, ILL.

We believe this action to be un-American and unconstitutional. It will be a great handicap to unlisted markets and financing of the smaller companies. Small investment dealers like ourselves cannot operate on such a basis very long. Salesmen would starve trying to net 2½% and pay their own upkeep.

CHICAGO, ILL.

None. The only reason we dislike the "5% mark-up rule" is the evident drifting in this country toward regimentation.

In our opinion any inflexible arbitrary rule is dangerous.

BALTIMORE, MD.

(From firm favoring rule)

I believe this rule is eminently fair and adequate. Take the contra side. Suppose **all** issues of securities were **ordered** listed on their local or normal exchange market? What then? I fail to see how "smaller corporations" will be so adversely affected. One of the vicious things in the promotion of securities of "smaller corporations" in the past has been the spread between what the public is asked to pay and what the corporation has received.

CHICAGO, ILL.

None.

PEORIA, ILL.

It would virtually eliminate new financing on the part of small corporations. A 5% profit will not cover the cost of underwriting risk capital and would entirely discourage participation on the part of small dealers in selling group positions. If a 5% profit is proper, why doesn't the SEC and NASD have Congress enact it into the Securities Act of 1933. That kind of a move would publicly air the whole mess.

PEORIA, ILL.

Just about kill them.

QUINCY, ILL.

We would have to get out of business. No profit.

ROCKFORD, ILL.

It seems to me that the mark-up rule is bound to have adverse effect on the market of securities of smaller corporations and, in my opinion, it will especially discriminate against small dealers.

I am a small dealer and can recall no time in the last 25 years when a large profit was taken on any security. However, there is a principle involved in this proposed regulation which, I believe, should be treated beyond any one's personal discomfiture; therefore, whether or not it adversely affects me, I am against it.

PITTSBURGH, PA.

(From firm favoring rule)

We are in favor of the 5% ruling but not on all transactions.

ROCKFORD, ILL.

A reasonable mark-up is all that is necessary. Smaller companies would be injured.

A SMALL ILLINOIS TOWN

Economics dominate legality. There just won't be any real market. Changes must be made gradually from a cost standpoint, which is the basis of any other "fair practice" business. In order to standardize the selling price you must standardize the cost. This is a profession and not manufacturing or merchandising, so you are very limited as to increased production to offset lower price.

It is much more important to standardize the brains in the organization instead of the price.

A SMALL INDIANA TOWN

We think it will hurt the market for securities of smaller corporations if this rule stands. We seldom have profits in excess of 5% except in transactions is low price securities.

FT. WAYNE, IND.

The NASD 5% rule will eliminate all firms our size. With all small firms out of the business, securities of small companies all over the country will be without a market, as we are the ones that distribute and maintain markets in these securities. We can't imagine the large houses handling the securities of the small corporations in Fort Wayne.

HARTFORD CITY, IND.

It would be my opinion that if this rule would operate for a substantial period of time, that in the end it would work to a disadvantage to the present stockholders.

Operating in a small rural community, there are many well-managed, small companies whose securities have provided a safe and good income for the investors in that immediate community. In a lot of cases these securities were little known outside of the territory where the company operated.

If I understand this rule, I don't see how most of these companies would ever have got started, therefore, would not be in existence now. It seems to me the same would be true when we get back to normal; that is, to find some means of raising capital for risks of this type. If this is to be the limit on this type of risk, then there should be considerable less commission when the risk is so much less.

INDIANAPOLIS, IND.

(From firm favoring rule)

Time will tell—one guess would be an improvement.

BURLINGTON, IOWA

Almost do away with an already limited market for this class of securities. About 75% of our business over the past 23 years has been in the unlisted securities of small mid-western companies. We underwrite and handle secondary markets as well as maintain trading markets in a broad list of securities of small midwest companies, mostly in Iowa. We think there will always be a place for this type of dealer in each locality. We don't like the 5% spread rule or any other rule forced on us in this manner.

CEDAR RAPIDS, IOWA

Just yesterday an attorney asked me to make him a bid on a local hotel stock where there are just a few stockholders and little stock outstanding. Before the 5% rule I would have gone to the secretary of the company for information, then contacted some of the stockholders for ideas and then made the attorney a bid. Now, at a limit of 5% profit on this amount of stock, I can't even afford to run down the information.

Certainly the estate will suffer. The other stockholders will become aware of their predicament and the price of the stock will suffer for lack of marketability. Have you considered how this 5% rule has affected estates? When a bid is made for securities in an estate the bidder doesn't know when the securities will be good delivery. Therefore, he seldom can act as agent unless the court order to sell is at the best market obtainable. But on inactive securities, both the attorney and the court want something more definite than that. Then the bidder must bid for inventory and cannot hedge by selling for delayed delivery, because he doesn't even know if his bid will be accepted. Too many times 5% is not commensurate with the risk. Both the estate and the dealer are in a predicament.

CEDAR RAPIDS, IOWA

We sell only to individual clients and we recommend only companies we investigate personally. After issues are on our approved list of investments we continued to keep a personal contact with the companies and attend all annual meetings.

It is necessary for us to have around 7% or 8% on much of our business to give the service we believe is necessary to do a good job.

The 5% mark-up rule, if it is enforced, should be harmful to the small retail broker specializing in individual customers and would ruin the market for many small corporation issues, because where a great amount of time must be taken to get posted on an issue 5% is too small a mark-up, in that your sales are few and you cannot operate profitably on that small a margin.

TOPEKA, KAN.

The small corporations are going to have a difficult time obtaining capital.

TOPEKA, KAN.

Trading would be very limited.

NEW YORK CITY

(From firm favoring rule)

None. We completely disagree with your approach to this matter. We are small dealers, and we think you have done much more harm with your "false alarm" than the mark-up philosophy could ever do.

WICHITA, KAN.

They will go by the boards, the same way the small investment dealer is going when the "big shots" who control the NASD gets through with us.

WICHITA, KAN.

Definitely retard financing.

LEXINGTON, KY.

We originate many small issues of first mortgage bonds and preferred stocks of companies doing business locally. If this 5% rule stands, it means we cannot handle any more business on that basis, and I do not know how these small companies are going to finance themselves. It can't be done with the 5% rule in effect.

LOUISVILLE, KY.

Will be a handicap.

NEW ORLEANS, LA.

The rule will, we believe, narrow the markets for securities of the smaller corporations. While we would like to make 5% gross profit on even a small percentage of our transactions, competition does not permit us to come anywhere near that percentage of profit.

We are against the "mark-up" rule in principle, believing that competition will, in general, hold down the profit margin to fair proportions.

Undoubtedly there are dealers with a small clientele who require greater than a 5% gross in order to conscientiously serve their customers and net something for themselves. Undoubtedly, also, there are instances of dealers taking advantage of their customers in the profit taken, but we are confident that these are rare exceptions and that, as a practical matter, much more harm than good will be accomplished by the invocation of this rule.

SMALL NORTH CAROLINA TOWN

(From firm favoring rule)

None.

LOUISVILLE, KY.

Seriously injure it.

BOSTON, MASS.

I certainly agree with the position your editorials have taken and the reasons for eliminating the 5% mark-up rule.

I do not think I can add anything to what you have said. I hope your efforts will be successful.

BOSTON, MASS.

Wide spread, inactive market.

BOSTON, MASS.

Believe it will limit their marketability to an even greater extent than at present. Am opposed to the rule, primarily because it is a palliative for a situation and not a cure. And I doubt whether it will accomplish even what it is primarily intended to do. . . . Theoretically, it will protect the uninitiated customer against dilution of his capital (relative to security prices as a whole) without use of the alternate remedy of full disclosure of profits on transactions as principal However, such dilution can occur rapidly on a 5% mark-up, or a 4 or a 3 or even a smaller one, depending entirely upon the type of security sold to the customer, the judgment of the salesman or the intelligence of the customer, and upon the frequency of transactions. In the case of thousands of issues a larger than 5% mark-up is justified. Such issues would naturally suffer under the rule, if it stands. In the case of other thousands of issues, such a mark-up as 5% would be outrageous except for small orders executed because of a trip to the sticks. . . . Aside from basic changes in the relationship between NYSE member and non-member firms, what we need is **not** a mark-up limitation, but full disclosures: the latter, however, should not be adopted until NYSE members are forced to do business only with dealers. . . . But, in the final analysis, the old proverb still holds: "A fool and his money are soon parted." Investors have been led to believe that, with State and Federal regulation, etc., they can trust virtually any registered broker or dealer. They can, in certain respects, but all the regulation in the world won't put the investment business on a professional, highly ethical basis. The effect of regulation is actually the reverse. What it seems to do is make bigger fools of those customers who were fools to begin with and at the same time make it just that much harder for an honest and ethical firm to make a decent living. . . . What the present rule is trying to cure is the basic evil of overpricing, and it merely scratches the surface, infecting the scratch with another virus at the same time. . . . You can't cure overpricing until you stabilize the price structure of everything, and you can't do the latter without going socialistic or totalitarian. Even then, it doesn't seem to work. Sorry to remain anonymous, but the 5% rule doesn't have any direct effect on my own business, while the making of such comments might.

BALTIMORE, MD.

Restrict their saleability.

BOSTON, MASS.
(From firm favoring rule)

I believe most of these are now traded at 5% or less, so doubt if there would be any effect.

DETROIT, MICH.

Markets will be narrower and less volume.

A SMALL MICHIGAN TOWN

We try to stay about 7 or 8% in mark up, and a good many times get as gross 3%. If we were permitted to stay at 5% it would be bad, very bad.

DETROIT, MICH.

We believe it will have a tendency to make it very difficult for a small corporation to be properly financed.

OMAHA, NEB.

Will undoubtedly injure credit of many small corporations.

MONTCLAIR, N. C.

Definitely ruinous.

BOSTON, MASS.
(From firm favoring rule)

Have you noticed any effect since Oct. 25, 1943? How much can the public afford to pay for "service" taking into account mistakes of judgment of dealers. The observation of the writer who has been in the over the counter business for 39 years is that wider spreads are charged small investors for poorer securities. It is these dealers whom you are supporting? Have you forgotten the public angle?

RIDGEFIELD, N. J.

Not favorable.

NEW YORK CITY

We cannot judge the general situation in our Counter Trading, but it appears that brokers and dealers show a new interest in distribution of Investment Trust shares, as liberal commissions are sanctioned by SEC and clearly outlined in all prospectuses and other literature on the subject.

From all that has appeared in print the NASD 5% ruling must be considered as arbitrary and hardly based on a strict interpretation of powers given the Board of Directors by the members of the Association.

The 5% rule should be thrown out like a lot of other "New Deal" nonsense, in my opinion. About time the U. S. A. regained the common sense of its forefathers, and drops the school-marm stuff. Personally, the 5% doesn't affect my business.

BUFFALO, N. Y.

No question but what the small dealer will be eliminated from the security business if the 5% ruling is to stand. The only other alternative is, for dealers to resign from the NASD and do business with non-members. I am for such action 100%. I believe many small dealers are under the impression, that in order to remain in business they must be members of the NASD. A little publicity by your Chronicle on that subject, I feel, would be of tremendous help in bringing the NASD higher-ups to their senses, I haven't any doubt but what the great majority of small dealers would resign from the NASD without delay if they were informed that membership in that organization was not necessary in order for them to continue doing business.

NEW YORK CITY

Diminish the marketability.

NEW YORK CITY

It will be difficult to float small new issues and will cause the trading spread between the bid and asked price to be widened—and we won't have active, close trading markets in stock like we have today. Also will cause the tendency of concentrating the business in the hands of a few large houses as the little ones will have a lot of difficulty in making both ends meet on a maximum 5% profit.

NEW YORK CITY

As a question of practical business it is a monstrosity. It will hamper if not completely destroy the market for unlisted securities. Dealers will suffer, but more so the public. Ready markets will become a thing of the past. I am for reasonable profits, but against this rule for many reasons, let alone the question of law and principle.

Post-War Financial Problems And Outlook

(Continued from page 1824)

of past excess profits taxes paid into the Treasury, additional cushions are provided for net incomes of corporations which experience a marked decline in gross business.

These are the elements which I believe will serve to make the corporate profit picture less disturbing than some pessimists consider it to be from the present viewpoint. Realistic revision of the tax structure will, I believe, improve the general corporate situation when business returns to normal peace-time procedures. These are days of high tension and raw nerves. We are at the threshold of great events. We may receive word at any moment that the long-waited invasion has begun. Unless our calculations badly miscarry, this news, when it comes, will signal the beginning of the greatest triumph of political democracy and economic free enterprise since our country was founded upon those very principles. While many days of grave anxiety and of heavy casualties undoubtedly lie ahead, we cannot doubt that the ultimate conquest of Hitlerite Germany is part of our high destiny. It was just four years ago that the Nazi forces threatened to dominate the entire civilized world. That threat has now been removed. And victory in Europe will most certainly be followed by victory in the Pacific.

It is impossible to over-dramatize the significance of the military victories which lie before us, or to over-estimate the part which the United States has played in achieving them. Our prestige among nations, as the symbol of liberty, of opportunity, and of unlimited accomplishment, has been great in times of peace, but it will have been enhanced beyond measure by our display of military strength and of national determination in destroying the barbaric forces of aggression all over the world.

The effort of the forthcoming defeat of Hitler upon the psychology of the American people will, I believe, be no less electrifying than its effect upon the peoples of those countries that have been overrun by Hitler's armies. Although we at home have been spared the acute sufferings of those who have been under the Nazi yoke, we have had our share of gloom and of humiliation in the days when Hitler's power was in its ascendency. We have also had our season of shame and of helplessness in the dark days following Pearl Harbor. We have been through a long and bitter period of psychological depression induced by the spectacle of brute force running rampant. When we have finally put an end to that spectacle and have suddenly realized that the world is free again, we are bound to experience a tremendous exhiliration and a great upsurge of confidence in ourselves and in the future of our country. Of this we cannot have the slightest doubt.

Our troubles have by no means been entirely the products of war. Here at home, long before the war broke out, many of our people had begun to question the economic principles and precepts upon which our previous progress as a nation had been based. They had been told that ours was no longer an expanding, a dynamic economy; that there were no new frontiers; that there were no more opportunities; that reliance upon individual enterprise could only mean mass unemployment; that we faced an indefinite period of economic stagnation, and that our only salvation rested with an all-powerful government. We know that a great many of our people had lost faith, that they were willing to sacrifice their individual freedom for a form of passive security. It must be apparent to everyone that this defeatist attitude toward our economic future is being swept away just as completely as the defeatist attitude is being swept away in those countries which had fallen under the heel of Hitler.

We have had 12 long years of reform in the economic sphere. There is no question in my mind but that much of this reform has been essential to the survival of the political and social system underlying our competitive enterprise economy. There is also no question in my mind that the conflict and controversy over reform have served to retard, in some measure, the resumption of our progress toward a much higher level of material prosperity for the nation. Our record of production during the war, which has been the marvel of the rest of the world, has fortunately given the rank and file of our own people a new respect for the genius of American business management. We also have a more acute awareness of our potential peace-time accomplishments, if given a favorable environment and adequate incentives, and if a halt is called upon the practice of changing frequently the rules of the game—a practice which was so disturbing in the years before the war.

As I have pointed out before, we have been moving fast in the last eight or ten years—sometimes too fast. That is the way with cycles. The long overdue political and economic reversal in the 1930's went to extremes. We will be wise if we are on guard to prevent the counter reaction from going to extremes also. This danger will be very real in the back-wash of the war. It is quite evident that the people of this country are determined to root out that which is unsound in conception and poor in administration, but they are equally determined, I am sure, to preserve that which is good. The initial products of a political upheaval are often crude. Subsequently, they must be refined in a period of consolidation and correction; but the desirable developments must be retained.

The fact that the American people are eager for a revival of individual freedom, with a further elevation of our standard of living, has been indicated unmistakably in recent months. This trend is yet to undergo its most critical test, and when the trend is confirmed this development, taken together with our military victories, will complete the restoration of the foundation of business confidence in the United States.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1822)

cases the bids were not for more than 500 shares and, in most cases, they were for only 100 shares. So much for the rumor side. Yet time and again the tape showed what looked like real buying. How to equalize one against the other posed a problem. But, after tracing various sources, I discovered that what looked like real buying was actually short-covering.

* * *

Naturally, even short-covering has clues within it. Your short trader, who usually has more acumen than the long-side buyer, doesn't cover unless he feels the market is through on the down-side. But, by the same token, he will not only cover but also go long. I did not find this to be the case. So it must be assumed that instead of an immediate reversal the market is in for another one of those dull, draggy affairs during which interest is practically nil. So I see no point in doing anything but hold on to stocks you have pending further developments.

What these developments are likely to be is a guess, and your's is probably better than mine. Invasion? Perhaps. But you read the same papers I do, and you can draw your own conclusions. One thing I know, and that is the market has probably discounted the invasion. As a matter of fact, don't be surprised that the day actual invasion occurs will also be the day on which the market will turn up.

* * *

On the domestic side, everybody is talking about the Montgomery Ward case. Congress is blaming the President and the WLB is blaming Avery. Just to keep the record clear it might help to recall that the Smith-Connally law under which the plant was confiscated was an ineffectual piece of legislation that Congress passed over Executive veto. So, if Congress is looking for a scapegoat, it can look for it right in its front yard. It is interesting to note, however, that despite all the stories regarding Montgomery Ward the stock is acting better than most. It may indicate exoneration of management and a return to private direction.

* * *

More next Thursday.

* * *

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

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Congressman Dewey On Post-War International Rehabilitation

(Continued from page 1819)

do, and that is look after their own country.

I do not know exactly what the qualifications of an expert are, but I at least claim to have had some experience in these things from both sides. For four years I was down in the Treasury Department just as are the experts of today, Mr. White and his assistants; and then I was sent by that same Treasury Department or, rather, by the Federal Reserve Board to Poland to practically see about and supervise the rehabilitation plan of that country. I am happy to say I resided in Warsaw for three years, 1928, 1929, and 1930, and I have been back there every year since. The type of plan that was developed for Poland was similar to the plans developed for Germany, Hungary, Austria, and all those similar plans succeeded. Later on I had the honor to be elected to this body of ours, the great Congress of the United States and am on the Ways and Means Committee. Now I am looking at it from the legislative angle and I am assisting in raising and taking part in tax raising bills to take the money from the people of the United States to engage in all of these various operations, not only domestic, but foreign. And so I feel, too, that I might qualify by practical experience as an expert on these things, and that is the only reason, members of the committee, that I have the temerity to appear before you today.

An excellent editorial appeared in the New York "Times" of yesterday which I think it would be advisable for every person to read. It is entitled "A World Monetary Plan." I agree thoroughly with that editorial, which is to the effect that there is a misconception of the method for stabilization: This setting up of a great central fund leaves out so many practical points of view and the practical one is what will be the motives and ideology of all the various countries that we will be asked to help later on? Are they going to be financially sound? Are they going to wish to balance their budgets, or are they going to wish to have an inflationary policy? Then, again, will this be a sort of international Wall Street, having a small group of men, directors of the great international organization that will tell the countries of the world less powerful than themselves what they will do? They forget that these countries have their national pride and people do best when guided by their own self-interest and not by the demands of outsiders. Therefore, I feel, in a way, these central bodies, central funds, which are set up to coerce and drive other countries along the right lines are not as likely to be successful as if they go to the governments of these countries themselves and work with them in establishing sound financial and economic ideas within the country and aid them to put them into effect and then let those countries grow on a sound foundation. It is only by doing that that you can have a sound currency and sound economic future of the country.

I do not want to have any member of this august committee, nor any member of this Congress, nor any fellow citizen of mine to feel that just because I take an opposite position to the plan proposed by this international group of experts that I am in any way trying to dodge the responsibility that this country may have toward the other countries of the world or toward the world as a whole in bringing back sound economic life; but I frankly am somewhat, and have been, very much upset by accusations coming from different sides and different quarters, that as soon as anyone speaks or proposes something other than what is generally proposed by the great international body he is either an isolationist, or worse.

I would like to draw to the attention of the committee the record of our Congress here and of our great United States, going back to the last war. We know perfectly well that out of our participation in that war there still remains on hand here a vast sum of unpaid indebtedness by other nations with whom we cooperated. Those are over the dam; they are out of the way. Probably there never can be anything done about them, but I remember back in the early twenties, I was then connected with the Red Cross, Japan had a terrible earthquake which destroyed the city of Tokyo and the American people passed their hats around and raised over $10,000,000 to send to those people. Then again we have in this war direct appropriations of over $24,000,000,000 to lend-lease; we have $36,000,000,000 through the War Department and the Navy Department which have been allocated for lend-lease, or a total of $60,000,000,000.

This Congress has considered and passed UNRRA and will appropriate funds for that.

I would like to say that after a record like that, anybody who says that the United States, that is, the citizens of the United States, the Congress of the United States, is unaware of its world responsibility and unwilling to participate, is a knave or a fool. Those are strong words, but when anyone tries to traduce the generosity of my country I cannot find words strong enough to employ.

I would like to say right here that you must never forget those things. Remember, we cannot help the nations of the world economically or financially unless we ourselves are strong economically and financially and we must not forget that throughout the history of the growth of our country the United States market, the richest market in the world, has been the goal of every other nation in the world. Every nation in the world has a desire to enter our market on their own terms, not on ours. Those are the two fundamentals that we must never forget.

Now, I am going to approach this subject further as to the requirements of our United States in the post-war period and the requirements of other countries. We have got to put them both together and consider them.

Insofar as the United States domestic interests are concerned, I think it would be well to mention a few principal items.

In the first place, the number of taxpayers in the United States in 1939 was a little under 4,000,000. At the present time, under the 1943 tax bill, there are 50,000,000 of our fellow citizens now paying taxes. We also must not forget that when we finished World War I our public debt had reached to what we thought was a stupendous sum of $26,000,000,000. Now, it is well known that it is contemplated that we will have a public debt after this World War is won of about $300,000,000,000, and in fact the chairman of the Ways and Means Committee, Mr. Doughton, will shortly introduce a bill to increase the limitation of public debt which now stands at $210,000,000,000 to $260,000,000,000. That shows the direction.

We have today an estimated national income of $150,000,000,000 and in order to service that public debt of ours, which we must always keep an honest debt, never to be repudiated, we must at least have a national income of $125,000,000,000, because not only must we service that public debt but we will have the one thousand and one additional burdens that are going to be placed on our economy. The first and probably the greatest one is looking after our returning soldiers; the requirements to take care of them, those that are hurt, and those that come home well, but seeking jobs. That is our first requirement.

Our second requirement, then, is the termination of the war contracts and the reconversion of our industries to peacetime production. There are over 2,000,000 war contracts at the present time that will have to be terminated, existing in thousands of companies throughout the United States. On top of that we must reshift and remake our tax system in order that we may raise sufficient revenue to do all these things at home and also create incentive by not taking too much in taxes from the people so that they will cease to work and cease to have the incentive to work. Those are some of the things that are domestic requirements that we must take into account at once and keep in our minds at all times when we consider what are our requirements around the world.

Now, in regard to our gold: I notice in last evening's "Star" a cartoon which showed Mr. Morgenthau with an empty sack going into the United States gold depository at Fort Knox and the President saying, "I knew Henry would find some use for that gold." That must have created in the public mind a misunderstanding of the necessity and the purposes of our great gold store. Naturally I do not think it was intended to have that effect but was intended to have a certain amount of humor. Basically that gold store of ours is very necessary to this country if we are to be able to do the things which I have mentioned in our own post-war construction, and we dare not send out of this country or dispose of any more than is actually necessary. Already we have lost $2,000,000,000 of our gold stock to foreign countries through our purchases abroad and I would like to just mention for the record a few figures to show you how important our gold stock is:

As you all know, our currency is based on gold. It is tied to gold and the Federal Reserve notes, which we are generally using, have to be secured by a minimum of 40% gold and the difference between that and 100% by eligible commercial paper or Government bonds. The latter security by Government bonds is a temporary measure. Now, I want to show you how fast that gold stock, used for reserves, has fallen. In October, 1942, our Federal Reserve notes and deposits were secured by 82% of gold and other lawful money; 16 months later, in March, 1944, that reserve had fallen from 82% to 62%; and if we continue at the same rate with the same amount of reserve in reserve banks the increased amount of circulation of currency and deposits and the increased purchase by banks throughout the country of Government bonds, it is estimated we will fall to the minimum requirements of 40% and 35% by the middle of 1945. To show you what that means in dollars, the Federal Reserve banks may purchase only approximately 20 billions of dollars more of Government securities.

Now, those are technical points. I am not going to burden the record or abuse your patience by giving you any more of the arguments. We are going into them further, but I do want you to realize that gold is part of our system and because gold is part of our monetary system the American dollar is the one that is quoted and all other currencies are connected with it and if we weaken our dollar, where is your stabilization? Where is your currency stabilization throughout the world? We must protect the strength of our dollar for the benefit of the whole world.

Now, there is one other thing that I would like also to put into the record at this moment.

There is another post-war reserve, another post-war requirement. I have said that in order to service our public debt, in order to do these various things that are necessary to produce the tax revenue so that we may do them out of our own revenue and not by constant borrowings, we must have a national income estimated at about $125,000,000,000. That can only be done in one way and that is by having a completely full economy. By that I mean every factory must run at full tilt; it must mean the farmer must raise as much as he can. That is full employment and full employment gives a high national income from which tax money is derived. There are always dangers about that sort of policy and when the machine runs with an open throttle there is likely to be surplus merchandise and that surplus merchandise developing in the country hangs over the market and naturally has a tendency to reduce employment and reduce prices.

I have outlined the requirements of the United States, as I see them; I briefly turn to the requirements of the other members of the United Nations.

Great Britain has lost a great deal of her merchant marine, which will have to be replaced, as she is very dependent on her merchant marine. Her position as world banker has been impaired and the Dominions to which England used to sell have developed a great many manufacturing and industrial organizations of their own and will probably be somewhat a competitor of the mother country. Then on top of that England is a world banker and had received deposits from her Dominions and from other countries of the world running into the sum of about $6,000,000,000, which is growing constantly. She has used the foreign exchange herself to carry on the war but when the war terminates those depositors will ask for their money back. They will ask for gold; they will ask for foreign exchange. That is going to be a tremendous burden on the British economy.

Then there is at the present moment no decided policy in Great Britain as to what is going to be her future foreign-trade policy. We know, too, she has had what is known as the sterling area. We know of the Ottawa agreement of several years ago when England put her arms around certain countries of the world and said, "We will trade together within ourselves and on better terms than will be extended to other countries of the world." Will England again follow that policy, or will she follow the policy of Secretary Hull in regard to reciprocal-trade agreements? We do not know.

Those are some of the questions that confront us and may I say here at this point that I do not contemplate that House Joint Resolution 226 with its revolving fund of $500,000,000 is in any way sufficiently large to approach these very large subjects of England, of China, of Russia. Each one of those must be taken up as an individual item and worked out on an individual basis.

Frankly, I do not want to lose the bargaining position of the United States in regard to either England, Russia, or China, by entering into an agreement before I know what the requirements are going to be and what are to be those countries' foreign policies. I know that it is going to be possible, when these subjects come up, to take care of them, each one separately, each one based on its own requirements, through the ordinary channels of banking industry, with some assistance on the part of the United States Government.

Now, briefly, in respect to the requirements of Russia, we know that Russia has no announced policy. I am going to read here briefly just one paragraph from the book of David J. Dallin, recently published by the Yale University Press. The book is entitled "Russia and Post-War Europe." This book was published in 1943 and in reading this statement I only want to say that I quote it in admiration of Mr. Stalin's sincerity and courage and in no way critical, but I think we ought to konw that he has made such a statement:

"Stalin deemed it necessary to repeat the oath he uttered over the grave of Lenin. 'On leavng us Lenn bade us be loyal to the principles of the Communist International. We swear to you, Comrade Lenin, that we will not spare our lives in fortifying and expanding the union of the toilers of the whole world, the Communist Internationale'."

That is Mr. Lenin's and Mr. Stalin's policy as quoted as late as 1938 and as I say, I only mention it to bring to your attention the fact that when we enter any great international union those may be the points of view of some of our partners which might not be in keeping with the ideology of our own country.

Also, we know nothing about the gold production of Russia—the great Lena mines which produced gold in great quantities and concerning which Russia has not recently made a report, so we do not know what her production has been. We do know that Russia will have a great need of mechanical equipment and transportation equipment and she will seek our market to obtain it.

As to China, her requirements are not as easily specified, but we know they will have tremendous requirements for communication materials, the development and the machinery for the development of natural resources which have scarcely been scratched in that great area. We know she will have need of technical advice and mechanical equipment and we certainly know that she will have to have long-term loans or credits in order that rehabilitation and reconstructions as well as new constructions can be made effective and productive.

Now the problem of this worldwide rehabilitation—what will be our part in it—is going to grow almost immediately, and that is why I press for the passage of a piece of legislation such as contained in House Joint Resolution 226. I do not claim that it is a final piece of legislation necessarily, nor do I claim that it is perfect. One might almost say that it is a stop-gap piece of legislation, in order that we may be ready when the demand is made to do something about it and do it in the American way. I will explain that when I bring up the bill, but that requirement may be presented as a result of UNRRA even before the war is over, when certain countries are evacuated by the Germans, and Axis Powers. We would then be ready to do our share, but I again reiterate, in the American manner.

We do not even know when the word of command, "Stop firing," comes, what will be the actions and activities of the four great United Nations. We do not know whether there will be peace treaties; we do not know whether there will be a continuing armistice. We do not even know how many of our good associates will abide completely by the items and recommendations of the Atlantic Charter. A great many of those things we do not know anything about. We do not know what will be the attitude of some of the countries that will be evacuated. We do not know whether their governments will want to receive and come under the more or less domination of some greater neighboring power. We do know that certain of the countries will need some assistance and others will not need assistance.

I went to the bother of finding out what was the credit of certain of these countries of the world, of Europe, that have been devastated. Even today, while still oc-

Securities Dealers Committee Sees Small Business In Jeopardy

(Continued from page 1819)

permitted to stand, would be the forerunner of similar limitations in every field of business and commerce, alien to our American way of life, and would mark an inroad upon the freedom of the individual, in the absence of an emergency, to do business unretarded and unrestrained by bureaucratic and illegal contrivances. With this as a precedent, price spreads might be superimposed upon our whole economy and the competitive system fostered by our laws for decades, strangeld.

Origin of the Rule

The "Securities Dealers Committee" insists that the "5% spread" ukase is a rule. The Board of Governors of the NASD persists, however, that it is merely an interpretation. The former claims this attitude on the part of the latter is a convenient attempt to by-pass the SEC which has a power of review over "rules" and to avoid the vote of NASD members who are given the franchise with respect to such "rules" of the Association.

The rule at issue was promulgated by the Board without being submitted to the members.

Charges in the Petition

Following are some of the grounds upon which the petitioners, through their attorneys, Edward A. Kole and A. M. Metz, assert the rule is illegal:

"It tends to limit and destroy markets for securities of the smaller corporations of the country and is therefore against public interest and against public policy."

"It is monopolistic in its operation, contravenes the anti-monopoly statutes in that it tends to eliminate the small dealer in securities and thus cripple competition."

"It constitutes the exercise of the legislative function which the Congress had neither the intention nor the power to delegate to NASD."

The Securities Dealers Committee has set up temporary offices at 165 Broadway, New York City.

The petition in full follows:

UNITED STATES OF AMERICA
Before the Securities and Exchange Commission,

IN THE MATTER OF
The Petition of
William S. Baren,
Baron G. Helbig,
Benjamin S. Lichtenstein,

In their own behalf and in behalf of all those similarly situated for an order nullifying, vacating and revoking a rule of the National Association of Securities Dealers, and for other relief.

Petition.

The petitioners, for their petition, allege:

1. All of the said petitioners are duly registered securities dealers, having their principal place of business in the City, County and State of New York and at least one of the said petitioners is a member of the National Association of Securities Dealers, hereinafter referred to as "N.A.S.D."

2. The petitioners are the representatives of a voluntary committee of securities dealers known as "Securities Dealers Committee."

3. N.A.S.D. is an organization authorized by and created under the Maloney Act being Section 15A of the Securities Act of 1934.

4. Under its by-laws, as well as the provisions of the Maloney Act, the said N.A.S.D. is authorized to promulgate rules, sometimes called rules of fair practice, providing the said rules do not contravene the said by-laws and the Maloney Act, and providing further, that the said rules are subject to the supervision and review of the Securities and Exchange Commission.

5. Article VII, Section 1 of said by-laws, provides in part: "The Board of Governors, upon the adoption of any such rules of fair practice or amendments thereto, shall forthwith cause copies thereof to be sent to each member of the Corporation, to be voted upon. If any such rules of fair practice or amendments thereto are approved by a majority of the members voting, provided, however, that a majority of all members of the Corporation have voted, within thirty days after the date of submission to the membership, and are not disapproved by the Commission as provided in Section 15A of the Act, they shall become effective rules of fair practice of the Corporation as at such date as the Board of Governors may prescribe."

6. About or during October, 1943, the Board of Governors of N.A.S.D. passed the following rule in substance: "It shall be deemed conduct inconsistent with just and equitable principles of trade for a member to enter into any transaction with a customer in any security at any price not reasonably related to the current market price of the security," and as a part of the enforcement of said rule promulgated a so-called 5% spread "philosophy" in effect placing ceilings upon the spreads between the purchase and sales prices of securities.

7. About the 9th day of November, 1943, the said Board of Governors transmitted said rule to the Business Conduct Committees of the Association with directions that the same be applied as a guide and measure in disciplinary proceedings of the members of the N.A.S.D. thereafter to be conducted by the said Business Conduct Committees, and instructing said Committees that transactions showing a mark-up of over 5% on the part of a member raise an issue as to whether there is a violation of the aforesaid rule.

8. Said directive and instructions further advised the Business Conduct Committees that enforcement of the aforesaid rule would be effective not later than October 31, 1943; and on said date enforcement thereof actually commenced and has since been continuing.

9. On or about the 25th day of October, 1943, notice was given by the N.A.S.D. to its membership that the rule would be so applied.

10. Contrary to the N.A.S.D. by-laws, and the provisions of the Maloney Act, such rule was not submitted to the membership of the N.A.S.D. for their vote, approval or disapproval, and neither it nor the method of its inception has been passed upon by the Securities and Exchange Commission.

11. A large majority of N.A.S.D. members were and are opposed to the said rule and to the "philosophy" expressed therein.

12. In order to avoid the submission of said rule to the franchise of its membership, the Board of Governors of the N.A.S.D. well knowing that a large majority of said members were opposed to said rule, illegally and improperly characterized the same as an "interpretation" and failed and refused to designate the same as a rule and still fails and refuses to designate the same as a rule, which it in fact is.

13. The said rule is illegal upon the following grounds, among others:

(a) It was not submitted to the vote of the N.A.S.D. membership as required by Article VII, Section 1 of the by-laws of said N.A.S.D.

(b) Neither it nor the manner of its passage has been approved by the Securities and Exchange Commission.

(c) It is monopolistic in its operation, contravenes the anti-monopoly statutes in that it tends and will tend to eliminate the small dealer in securities and thus cripple competition.

(d) It was promulgated by an organization, to wit, N.A.S.D. created under an illegal statute, to wit, the Maloney Act, which contravenes the law of the land because it is special legislation in effect giving to the N.A.S.D. certain exclusive and monopolistic privileges amongst them that of having its members participate in certain financial advantages and dealings to the exclusion of non-members; as a result, the N.A.S.D. is a body which is not legally constituted and is therefore without any rule-making power.

(e) It constitutes the exercise of a legislative function which the Congress had neither the intention nor the power to delegate to N.A.S.D. and which the Congress in fact never so delegated.

(f) It is a modification of the law and of trade custom and usage which the N.A.S.D. is without legal right to effect.

(g) It is unconstitutional because confiscatory since it disregards the profit motif in business.

(h) It constitutes an illegal exercise of legislative powers and governmental functions by a private association.

(i) It constitutes a burden upon and impairment of interstate commerce.

(j) It is contrary to the common law and to trade practices and usage by inferring fraud merely from the spread between purchase and sales prices of securities despite the fact that no representations of any kind accompanied such purchases and sales.

(k) It tends to limit and destroy the markets for securities of the smaller corporations of the country and is therefore against public interest and against public policy.

(l) It is unconstitutional because it deprives securities dealers of property rights without due process of law.

14. The petitioners are directly aggrieved by the said rule, their business impaired and their individual rights to engage in free and unrestricted enterprise as guaranteed by the constitution and the law of the land, interfered with.

WHEREFORE, the petitioners respectfully pray for an order declaring a public hearing upon the matters and grievances set forth in the foregoing petition and that the rule herein referred to be cancelled, revoked and declared a nullity.

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Petitioners.

EDWARD A. KOLE,
Attorney for Petitioners,
Office and P. O. Address,
39 Broadway,
New York, N. Y.

ABRAHAM M. METZ,
Attorney for Petitioners,
Office and P. O. Address,
165 Broadway,
New York, N. Y.

State of New York
City of New York
County of New York
ss.:

WILLIAM S. BAREN, BARON G. HELBIG, and BENJAMIN S. LICHTENSTEIN, being duly sworn, depose and say that they are the petitioners herein; that they have read and know the contents of the foregoing petition; that the same is true to their own knowledge, except as to the matters herein stated to be alleged on information and belief, and that as to those matters they believe it to be true.

SWORN to before me this
day of May, 1944.

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cupied by German armies, I know you will be as surprised as I was to find out how good is the credit of some of these countries.

We go in, and that was the purpose of this plan, as an individual who has a good will, who wishes to sit in with other countries to place a sound foundation under the economy of the devastated nation which wishes to rebuild. We can stay in; we can come out; we can do anything we please in that conference, maintaining our own right of decision. But there is one thing that I object to most in the Treasury bill. I am too proud of my country and its reputation to see it placed in the position, to use the common term, of a "welcher"; to go into something with our eyes open, and then because we do not like the way things are going to withdraw. Let us not go in at all in the beginning until we know everything about it. Under my bill each particular case stands on its own legs and we do not have to go into any one unless we want to.

DIVIDEND NOTICES

THE FLINTKOTE COMPANY
30 Rockefeller Plaza
New York 20, N. Y.
May 1, 1944

Preferred Stock

A quarterly dividend of $1.125 per share has been declared on the $4.50 Cumulative Preferred Stock of this corporation issued and outstanding, payable on June 15, 1944 to stockholders of record at the close of business June 9, 1944. Checks will be mailed.

Common Stock

A dividend of $.15 per share has been declared on the Common Stock of this corporation issued and outstanding, payable on June 15, 1944 to stockholders of record at the close of business June 9, 1944. Checks will be mailed.

CLIFTON W. GREGG,
Treasurer

OTIS ELEVATOR COMPANY

PREFERRED DIVIDEND No. 182
COMMON DIVIDEND No. 146

A quarterly dividend of $1.50 per share on the Preferred Stock and a dividend of 20¢ per share on the no par value Common Stock have been declared, payable June 20, 1944, to stockholders of record at the close of business on May 24, 1944.

Checks will be mailed.

C. A. SANFORD, *Treasurer*
New York, April 26, 1944.

DIVIDEND NOTICES

THE ATLANTIC REFINING CO.

COMMON DIVIDEND NUMBER 155

At a meeting of the Board of Directors held May 1, 1944, a dividend of twenty-five cents per share was declared on the Common Stock of the Company, payable June 15, 1944, to stockholders of record at the close of business May 22, 1944. Checks will be mailed.

W. M. O'CONNOR
Secretary
May 1, 1944

AUTOMATIC PRODUCTS CORPORATION

At a meeting of the Board of Directors of Automatic Products Corporation held April 26, 1944 a regular quarterly dividend of ten cents (10c) per share was declared on the Capital Stock of the Corporation, payable May 15, 1944 to stockholders of recond at the close of business May 5, 1944.

CURTIS FRANKLIN, *Treasurer*.

Borden's
COMMON DIVIDEND
No. 137

An interim dividend of forty cents (40¢) per share has been declared on the outstanding common stock of this Company, payable June 1, 1944, to stockholders of record at the close of business May 15, 1944. Checks will be mailed.

The Borden Company
E. L. NOETZEL, *Treasurer*

Esso

The Board of Directors of the
STANDARD OIL COMPANY
(Incorporated in New Jersey)

has this day declared the following dividends on the capital stock, payable on June 12, 1944, to stockholders of record at close of business, three o'clock, P.M., May 15, 1944:

Regular semi-annual cash dividend of 50¢ per share; and

Extra cash dividend of 75¢ per share.

Checks will be mailed.

A. C. MINTON, Secretary
May 1, 1944

SOUTHERN UNION GAS COMPANY

Dividend Notice

The Board of Directors of this Company on April 28, 1944, declared a dividend of ten cents (10c) per share on the common stock of the Company, payable May 15, 1944, to stockholders of record at the close of business May 5, 1944. Checks will be mailed by The Northern Trust Company, Chicago, dividend disbursing agent.

F. W. SMITH
Vice President and Treasurer

Reorganizat'n Potentialities

McLaughlin, Baird & Reuss, 1 Wall St., New York City, members of the New York Stock Exchange, have prepared an interesting circular discussing the reorganization potentialities for selected securities of the Missouri Pacific System. Copies of this circular may be had upon request from McLaughlin, Baird & Reuss.

Arbitrage Possibilities

Chicago, Indianapolis & Louisville Railway Co. has attractive arbitrage possibilities, according to a circular issued by Sutro Bros. & Co., 120 Broadway, N. Y. City, members of the New York Stock Exchange. Copies of this circular may be had from Sutro Bros. & Co. upon request.

Fashion Park Attractive

A detailed study of Fashion Park, Inc., is contained in a special circular prepared by Simons, Linburn & Co., 25 Broad Street, New York. Copies of this interesting study may be had from the firm upon request.

Ins. Stocks Compared

Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchange, have prepared an interesting comparison and analysis of insurance stocks. Copies of these data may be had from the firm upon request.

Fred Kelly Asst. Sec. Of Stifel, Nicolaus

ST. LOUIS, MO.—Stifel, Nicolaus & Co., Inc., 314 North Broadway, members of the St. Louis Stock Exchange, announce the appointment of Fred S. Kelly as assistant secretary of their firm. Mr. Kelly has been associated with Stifel, Nicolaus & Co. for some time as statistician.

Beckhart Presents A Post-War Monetary Stabilization Plan

(Continued from page 1818)

of food and clothing. These needs we should meet to the utmost of our ability and without thought of repayment.

2. Post-war loans, as opposed to relief grants, should be extended for definite projects of economic merit, or in the words of Congressman Dewey's resolution, for "sound economic objectives". The terms of each credit extension should be "tailored" to fit particular borrowing needs. Careful consideration should be given to the credit-worthiness of the borrowing country.

3. Preference should be given to loans, the proceeds of which will be so utilized as to increase the export ability of the borrowing nation.

> If borrowing needs associated with purely domestic requirements are financed through external loans, a heavy burden will be placed upon a nation's balance of payments without at the same time enhancing its ability to export goods and thus to repay its external debt.

4. In the extension of financial aid, the funds loaned should be similar in character to the funds required.

> The mistake committed in the decade of the 'Twenties of using short-term funds to finance long-term needs should not be repeated. Short-term funds should be used solely to finance short-term requirements and long-term credit needs should be met from investment funds.

5. The United States should stand ready to grant financial aid only if it is confident that borrowing nations at the earliest practicable moment will remove existing controls over import and export trade and foreign exchange transactions, and that they will not use such controls as instruments of national policy.

6. Credits should not be extended unless the United States is willing to absorb the amount of imports necessary to enable foreign debtors to meet interest and amortization charges on their indebtedness.

> In many nations, and more particularly in those which must resort to external borrowings, there will be an intense demand for dollars, a problem which can be eased if, in accordance with a recent recommendation of the United States Chamber of Commerce, this country pursues "a constructive, liberal and realistic tariff policy designed to prevent world-wide erection of excessive tariff walls such as followed the last war".

"Such then are a few of the general principles to which attention might be given when post-war lending policies are being formulated. Not all foreign nations will need to seek loans. Many possess dollar assets and gold in sufficient amount to stabilize their currencies and to purchase in this country the commodities, machinery and capital goods which they will require. Others will need to borrow for purposes of currency stabilization, economic rehabilitation and reconstruction. In certain instances, the loans that will be required can be secured from private sources; in other instances, they will have to be secured from the United States Government or from a government agency.

"Post-war financial problems cannot be separated from those of the war itself. In fact, they represent an outgrowth of the war situation. Just as we are extending financial aid during the course of the war, so must we be prepared to continue this aid in the post-war period. Our responsibilities in this connection are implied in Congressman Dewey's resolution. In view, however, of our own internal monetary and fiscal situation, our ability to extend credits is not an unlimited one. Similarly, the ability of borrowing nations to repay is not unlimited. In consequence, credits should be extended largely for purposes which will increase the export ability of the borrowing country.

"International capital movements on private account will take place and will increase in the post-war period if the political, financial and economic environment is a favorable one. The creation of a favorable environment presupposes that the United States will reduce trade barriers, that countries overrun by the Axis powers will achieve political stability, that the problem of post-war inflation will be handled successfully, and that controls over foreign trade and over the foreign exchanges will be removed at the earliest possible moment by those nations in which the system of private capitalism prevails.

"Moreover the creation of an environment favorable to private international finance requires that a constructive solution be found to questions concerning reparations and inter-allied debts. The United Nations should neither attempt to collect huge reparations nor insist upon repayment of inter-governmental obligations resulting from the war effort. Though the enemy powers should be required to return looted goods and relinquish seized territory, reparation payments, except in limited amount, should not be demanded. The United States must take care to avoid being maneuvered into a position, where, as a result of loans extended to the defeated nations, it is in effect covering the reparation payments of those nations. A prompt settlement should be made of the obligations due to this country under the Lend-Lease Agreements. The terms and conditions of the settlement should, in the words of Article VII of the Master Agreement between the United States and the United Kingdom, 'be such as not to burden commerce between the two countries, but to promote mutually advantageous economic relations between them and the betterment of world-wide economic relations.' A further necessary action in the clearing up of political obligations would be the repeal of the Johnson Act of 1934.

"As the first step towards an international economic and political environment favorable to private enterprise, this country should stand ready, within the framework of the principles set forth above, to lend financial assistance abroad. Whether loans are extended for a short or a long period, whether they are extended privately, or by the Government, or by one of its agencies will depend upon the credit standing of the borrowing nation.

"In general, post-war credits will be extended for the following four major purposes:

1. Trade finance.
2. Currency stabilization.
3. Economic rehabilitation.
4. Economic development.

In each instance the funds required will differ as to length of life and as to the private or public character of the institution meeting the need.

"Trade credits of a short-term self-liquidating character can and should be supplied by commercial banks. American commercial banks have close business relationships with American importers and, through their correspondents and branches, are in close touch with foreign business. American commercial banks can render a very important service in the financing of international trade, and every effort should be directed towards the building up of a discount market in New York to perform services of the sort rendered so ably and effectively by the London discount market prior to the first World War.

"In order to prevent an over-extension of such credits in the aggregate to any one nation, the Federal Reserve Banks might maintain statistical records of all foreign credits extended by commercial banks, classified by countries. Aggregate data could be reported periodically to the lending banks so that they would be in a position to judge whether any nation incurring too large an indebtedness on short-term account.

"The second type of demand for funds arises in connection with currency stabilization. Although credits for this purpose can render an important service, it must be emphasized that currency stabilization is essentially an internal problem. It involves the balancing of governmental budgets, the severance of the commercial banking system from deficit financing, the refunding of the floating debt, the unpegging of interest rates, the re-establishment of free competitive markets, the restoration of a true balance in the cost-price structure, and the re-establishment of profit and loss as a guide to production and as a measure of efficiency.

"The United States itself will have an important responsibility in providing a dollar which will serve as a firm basis for the currency systems of other countries. To accomplish this, the dollar must be freed of all foreign exchange controls, gold coin redemption must be reintroduced, a balanced federal budget must be achieved, and commercial bank credit must not be used, as was the case in the decade of the 'Twenties, to meet the demand for long-term investment funds.

"The United States can make a further contribution to world economic stabilization to the extent that it is able to prevent deep business depressions and exaggerated booms and the attendant erratic exports of capital.

"Although the problem of currency stabilization is fundamentally an internal one and one which must be solved by the adoption of appropriate internal measures, stabilization credits in certain instances can prove helpful. Such credits are of two types: short-term credits required for seasonal or temporary emergency needs, and long-term credits required for the purpose of providing gold and foreign exchange reserves.

"The first type of stabilization credit can best be granted by an international central bank, i. e., by an institution similar to the Bank for International Settlements or by the Bank for International Settlements itself operating under a revised charter. Such an institution could serve a most important function not only by granting short-term stabilization credits but also by serving as a meeting place for central bankers and as an agency for research on world economic problems. The Bank for International Settlements, which was American in conception, has rendered important services in connection with these functions and its experience will be of great value in solving impending stabilization problems.

"May I suggest that the Board of Governors of the Federal Reserve System give immediate attention to the problem of enlisting the cooperation of the officials of various other central banks in the establishment of an instittution similar to the Bank for International Settlements, or in the revision of the charter of the present institution to make it an effective instrument in currency stabilization.

"The second type of stabilization credit it that extended for a long period of time to provide the borrowing nation with gold or exchange reserves. Such a credit is exemplified in the Dawes loan of 800 million gold marks or about 190 million dollars, granted to Germany in 1924 to provide gold reserves for the new central bank, to contribute towards the establishment of a sound currency, and to prevent a complete suspension of payments to creditor nations during the period of economic rehabilitation. The bonds, offered in the markets of eight foreign countries, were 25-year obligations.

"Although the Dawes loan was relatively small in amount, the proceeds were sufficiently large, along with the internal measures instituted by Germany, to provide a stable currency. This experience would seem to indicate that long-term stabilization credits following this war will not have to be large to achieve their purpose.

"Experience with stabilization credits after this war will probably be similar to that after the last war. Not all nations will need to borrow to secure currency reserves. Many will possess a sufficient supply of gold and dollar exchange. Nations which stand in need of long-term stabilization credits will doubtless wish to obtain them in this country. Gold will probably not be available elsewhere, and the dollar may be the only important currency free of foreign exchange controls. If private funds are not available for such loans, the United States Government should doubless assume the responsibility of providing the requisite funds.[1] By doing so, this country can stimulate international trade of a multilateral character and promote world recovery.

"In order to facilitate the granting of long-term stabilization credits by our Government in the difficult period of transition from a war to a peace economy, I propose that a Foreign Credit Administration be established, operating under the direction of a Board of Governors chosen in the manner set forth by Congressman Dewey in **H. J. Res. 226.** The powers and duties assigned to this Board, however, would be somewhat broader than those delegated in Congressman Dewey's proposal. Among other duties, this body would have the responsibility of receiving and passing upon applications for long-term stabilization loans to be granted by our Government, and, if favorable action were taken, of recommending to Congress that the necessary appropriation bills be introduced.

"The first step in any program of world currency stabilization is the stabilization of the British pound in terms of the American dollar. Once this is accomplished, an important initial step will have been taken towards the stabilization of all currencies and the reconstruction of world trade. If the Foreign Credit Administration were established in the near future, it could give immediate consideration to the problems involved in the stabilization of the British pound and to the role which this country should play in effecting such stabilization.

"The third type of credit demand has to do with the loans that will be required for purposes of economic rehabilitation, i. e., to assist nations in building up inventories of raw materials and in repairing docks, factories, public utilities, railroads, etc. Such credits are closely related to relief activities inasmuch as they enable nations to resume their normal economic life and to become self-supporting. It is to this problem that Congressman Dewey has in particular addressed his proposal.

"Not all nations will need to borrow abroad for such purposes. A number will possess gold or foreign assets. Some nations will be assisted by immigrant remittances and by the donations of philanthropic organizations. In certain instances, as the enemy withdraws from the occupied countries, the work of rehabilitation will be undertaken by the American and British armies in order to maintain the services of supply.

"To the extent, however, that foreign nations must rely on the assistance of the United States Government to finance working capital needs, and the reconstruction of plant and equipment, I would suggest that the granting of such credits constitute another of the functions of the Foreign Credit Administration, and that such credits, in accordance with Congressman Dewey's suggestion, be extended on a joint-account basis. Inasmuch as the loans will tend to become long-term in character, the amount of the revolving fund will probably have to be somewhat larger than that proposed in **H. J. Res. 226.** Moreover, foreign nations cooperating in the joint-account arrangements should be permitted to participate with this country in supervising the use of the credits.

"The fourth and final type of credit need will arise from the desire of nations to further their economic development, i. e., to expand capital equipment. The greater part of such expansion must be financed from internal sources, for much of it is of such a character that it will not increase the export balance and, in consequence, will not facilitate the repayment of funds borrowed abroad.

"In certain instances, nations, by using their own gold holdings and foreign exchange assets, will be able to procure in the United States or elsewhere the capital equipment they desire. In other cases, capital expansion can be brought about by direct investments on the part of American individuals and corporations. This is the most desirable type of capital import, since it does not subject the balance of payments of a nation to fixed charges.

"To the extent that the assistance of the American Government is required and justified in financing capital development in other nations, I would suggest that the Export-Import Bank be used for this purpose, operating under the supervision of the Foreign Credit Administration. The experience which it has obtained in the granting of such credits will prove valuable in meeting somewhat similar needs in the post-war period.

"By way of recapitulation, the funds required by various foreign countries in the post-war period (aside from relief grants) will be those needed to finance international trade, currency stabilization, economic rehabilitation, and economic development. A certain portion of the external credits required can be supplied privately, another portion may need to be supplied by governments or government agencies. In order to simplify and expedite the extension of the credits which may have to be granted by the American Government, I have suggested that a Foreign Credit Administration be established. This would be charged with the threefold responsibility of recommending to Congress appropriation measures in order to provide long-term stabilization credits, of participating with other nations in financing economic rehabilitation, and of directing the work of the Export-Import Bank.

"This suggestion was based upon and grew out of the proposals made by Congressman Dewey. The Foreign Credit Administration differs from the Central Reconstruction Fund, proposed in **H. J. Res. 226,** in that it would possess somewhat broader powers and responsibilities, and its functions would be departmentalized in accordance with the type of credit granted. Its Board of Directors would be selected in accordance with the procedure set forth by Congressman Dewey.

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[1] Within the framework of principles set forth at the outset of this statement.

"In the post-war period, the United States will have a unique opportunity and a real responsibility in offering leadership in the formulation of constructive international financial and commercial policies. We must be prepared to accept this challenge and to develop policies and follow the course of action most conducive to the economic recovery of all nations and to the maintenance of world peace. In directing attention to the urgency of these questions, Congressman Dewey has rendered a signal service."

As a supplement to the foregoing statement submitted to the House Foreign Affairs Committee, Dr. Beckhart submitted the following critique of the proposed Experts International Stabilization Fund:

1. The operation of the Fund might stimulate inflation in the creditor nations and the inflationary influences might be exerted at the wrong time.

The major portion of the initial quota of the United States would probably be contributed from the unused profits of gold devaluation. The Fund thus would be given a credit balance on the books of the Federal Reserve Banks which, when used, would increase member bank reserves and stimulate credit expansion.

Similarly loans to the Fund by the Federal Reserve Banks (unless offset by a reduction in their security holdings) would increase member bank reserves and induce credit expansion.

The inflationary influences of the Fund's operations might be exerted in the immediate post-war period which, from the point of view of the United States, might be the wrong time economically, for then the problem in this country might be that of controlling inflation.

2. The Plan establishes no criteria in the extension of loans.

Contrary to the usual practice in connection with commercial and central banking statutes, the experts' proposals establish no criteria for credit extensions either as to purpose or length of life. Each nation irrespective of the reasons for its desire to borrow and irrespective of its creditworthiness, would have the right to a certain loan total. It is obvious that under these conditions loans would be used for purposes disassociated from that of exchange stabilization and that they would become frozen. Furthermore the plan does not contemplate reliance upon the rate of interest as a deterrent of loan increases.

3. The Plan attacks the symptoms of exchange depreciation rather than basic causes.

The proposals rely on the extension of loans to solve both exchange instability and disequilibrium in the balance of payments. Although the phrase "disequilibrium in the balance of payments" is never defined, disequilibrium customarily reflects internal inflation.

The restoration of a condition of equilibrium in the international balance of payments and the achievement of external exchange stability assume that internal inflation has been checked, that budgets have been balanced, that the floating debt has been refunded, that interest rates have been unpegged, that competitive markets have been restored and that the commercial banking system has been divorced from deficit financing. Exchange rates must reflect basic conditions and only on the firm basis of internal stability can external stability be achieved.

The Plan would tend to perpetuate exchange controls.

The proposals advanced confuse exchange rigidity and exchange stability. Exchange rigidity results from the establishment of controls over the foreign exchanges and foreign trade. Through such controls, exchange rates are maintained at a given level. Such exchange rates have no economic significance in that they do not reflect domestic price changes or international price relationships.

True exchange stability does not rest upon or require exchange controls but is founded on internal monetary stability. Exchange stability as opposed to exchange rigidity has real economic significance inasmuch as exchange rates are in conformity with the purchasing power parity of a currency.

The proposals of the experts tend to make a fetish of exchange rigidity. In fact, exchange rigidity resting upon exchange and trade controls is less desirable than fluctuating exchanges coupled with freedom of trading in the foreign exchanges and in commodities. Most desirable from the point of view of international trade is true exchange stability.

Although the avowed purpose of the Plan is to do away with exchange controls, the plan will operate in such a manner as to perpetuate controls on both capital and current account.

By its very nature the International Stabilization Fund is not designed to cope with the difficult problems of the period of transition from war to peace.

The International Stabilization Fund assumes a perfect world, in which economic and political stability have been achieved, in which the international balance of payments is in equilibrium and debit balances are of a temporary character.

If the world were the perfect one assumed, the Fund would not be required.

If the International Stabilization Fund attempted to function in the imperfect world of the transition period, its assets would shortly become frozen with weak currencies and it would be compelled to call for continued assistance from creditor nations which, if granted, would tend to weaken their own financial structure.

The Business Man's Bookshelf

Highway Transportation, Post-War Needs—W. Foster Banks, President of the Motor Haulage Co.—Post-War Planning Committee, Commerce and Industry Association of New York, Inc., 233 Broadway, New York 7, N. Y.—paper.

International Law of the Future, The, Postulates, Principles, Proposals—A statement of a Community of Views by North Americans—in "International Conciliation" for April, 1944—Carnegie Endowment for International Peace, 405 West 117th Street, New York 27, N. Y.—Single copies 5 cents; 25 cents for one year.

U. S. Giant Department Stores from Slump to Boom and Beyond—Dr. Leo Sonnenschein—Midwest Law Printing Co., Chicago, Ill.—paper.

War Contract Termination Procedure—C. E. Jarchow—California Institute of Technology—paper.

War and Peace Aims (Extracts from Statements of United Nations Leaders)—United Nations Information Office, 610 Fifth Avenue, New York City—paper—40¢.

Calendar Of New Security Flotations

NEW FILINGS

List of issues whose registration statements were filed less than twenty days ago, grouped according to dates on which registration statements will in normal course become effective, unless accelerated at the discretion of the SEC.

SATURDAY, MAY 6

NORTHERN INDIANA PUBLIC SERVICE CO. has filed a registration statement for 220,078 shares of 5% cumulative preferred stock, par $100 per share. Company plans to issue the 220,078 shares of 5% preferred stock to effect the retirement by exchange or redemption of an equal number of shares of its 7%, 6% and 5½% preferred stock, the exchange to be on a share for share basis plus a cash payment to be filed by amendment. Stone & Webster and Blodget, Inc., and Harriman Ripley & Co., Inc., New York, are principal underwriters Details in "Chronicle" April 27, 1944.

MONDAY, MAY 8

KANSAS - NEBRASKA NATURAL GAS CO., INC., has filed a registration statement for $1,500,000 first mortgage sinking fund bonds 4% series C, due April 1, 1959. Central Republic Co., Inc., Chicago, underwriter. Price 107 exclusive of accrued interest from April 1, 1944. Proceeds for construction purposes. Details in "Chronicle," April 27, 1944.

KANSAS - NEBRASKA NATURAL GAS CO., INC., has filed a registration statement for 2,000 shares of $5 cumulative preferred stock (no par) and 58,636 shares of common stock ($5 par). Holders of common stock of record May 12 are offered the right to purchase one share of common at $6.50 a share for each four shares held. Rights expire May 26, 1944. Unsubscribed shares will be taken up by the underwriters at $6.50 a share and offered to the public at $7 per share. Offering price of the preferred to the public is $105 a share. Proceeds from sale of stock will be used to defray costs of construction expenditures. Underwriters for stock are First Trust Co. of Lincoln, Neb.; Cruttenden & Co., Chicago; Beecroft, Cole & Co., Topeka; Harold E. Wood & Co.. St. Paul; Rauscher, Pierce & Co., Dallas; United Trust Co. of Abilene, Kansas, and Frank & Belden, Inc., Minneapolis. Details in "Chronicle," April 27, 1944.

TUESDAY, MAY 9

FLINTKOTE COMPANY has filed a registration statement for 237,902 shares of common stock, no par value. Stockholders of record May 2 are given rights to subscribe for shares at $15 per share at rate of one new share for each three shares held. Rights expire May 12. Net proceeds will be used for erection of additional plant facilities or for retirement and redemption of all or a part of $4.50 cumulative preferred stock or 3% debentures. Underwriters are Lehman Brothers, A. C. Allyn & Co., Inc., Bacon, Whipple & Co., Bear, Stearns & Co., A. G. Becker & Co., Inc., Alex. Brown & Sons, Dominick & Dominick, Graham, Parsons & Co., Granbery, Marache & Lord, Hallgarten & Co., Hemphill, Noyes & Co., Hornblower & Weeks, A. M. Kidder & Co., Ladenburg, Thalmann & Co., Laurence M. Marks & Co., Merrill Lynch, Pierce, Fenner & Beane, Paine, Webster, Jackson & Curtis, L. F. Rothschild & Co., Schoellkopf, Hutton & Pomeroy, Inc., I. M. Simon & Co., Stroud & Co., Inc., Swiss American Corp., Wertheim & Co., and White, Weld & Co. Details in "Chronicle," April 27, 1944.

WEDNESDAY, MAY 10

NEW JERSEY POWER & LIGHT CO. has filed a registration statement for $9,000,000 first mortgage bonds due March 1, 1974, and 30,000 shares of cumulative preferred stock (par $100). Proceeds from sale of bonds and stock, together with additional funds from treasury will be used to redeem on or about July 1, 1944, $9,000,000 4½% first mortgage bonds, due 1960, at 105 and 33,060 shares ($100 par) $6 preferred stock at 110. Interest rate on bonds and dividend rate on stock will be filed by amendment. The bonds and stock are to be offered for sale at competitive bidding. Details in "Chronicle," April 27, 1944.

SATURDAY, MAY 13

STERLING ENGINE CO. has filed a registration statement for 304,075 shares of common stock, of which 23,225 are being issued by the company through underwriters and 180,850 shares by three present stockholders.

Address—1252-1270 Niagara Street, Buffalo, N. Y.

Business—Manufacture of internal combustion engines.

Underwriting—Burr & Co., Inc., New York, is named principal underwriter.

Offering—Offering price to the public on the 204,075 shares is $3.75 per share. An additional 100,000 shares is reserved against the exercise of warrants to purchase 100,000 shares of common, at price of $4.50 per share, prior to three years from and after the effective date of the registration statement.

Proceeds — Issuers part for working capital. Sales of stock by stockholders proceeds go to selling stockholders.

Registration Statement No. 2-5356. Form S-2. (4-24-44).

SUNDAY, MAY 14

HECHT CO. has filed a registration statement covering 191,515 shares of common stock (par $15). The shares are issued and outstanding.

Address—Baltimore & Charles Streets, Baltimore, Md.

Business—Operates eight retail stores, including branches.

Underwriting—Goldman, Sachs & Co., head the group, with the names of others to be supplied by amendment.

Offering—Price to the public to be filed by amendment.

Proceeds—Proceeds go to the selling stockholders.

Registration Statement No. 2-5357. Form S-1. (4-25-44).

QUARTERLY DISTRIBUTION SHARES, INC., has filed a registration statement for 100,000 shares of common stock of no par value.

Address—917 Minnesota Avenue, Kansas City, Kan.

Business—Investment company of the management, open-end, diversified type.

Underwriting—Bonds Incorporated, Kansas City, Kan.

Offering—At market.

Proceeds—For investment.

Registration Statement No. 2-5358. Form S-5. (4-25-44).

MISSISSIPPI VALLEY PUBLIC SERVICE CO. has registered 15,000 shares of 5% cumulative preferred stock ($100 par).

Address—1029 North Marshall Street, Milwaukee, Wis.

Business—Public utility company.

Underwriting—Milwaukee Co., 5,750 shs.; Wisconsin Co., 4,750; Morris F. Fox & Co., 1,500; Loewi & Co., 1,500; Bingham, Sheldon & Co.,, 1,000 all of Milwaukee, and A. C. Tarras & Co., Winona, Minn., 500.

Offering—The company is offering to holders of its outstanding 7% cumulative preferred stock, series A, and 6% cumulative preferred stock, series B, the privilege of exchanging their old stock for new preferred on a share for share basis, with a cash adjustment amounting to $7.83⅓ a share on the 7% stock and $2.66⅔ a share on the 6% preferred. The exchange offer will expire at noon on May 20.

Purpose—For refunding outstanding preferred stock.

Registration Statement No. 2-5359. Form S-1. (4-25-44).

McQUAY - NORRIS MANUFACTURING CO. has filed a registration statement for 50,000 shares of common stock, par $10. The shares are issued and outstanding and do not represent new financing.

Address—2320 Marconi Avenue, St. Louis, Mo.

Business—Manufacturer of engine parts for automobiles, etc. and certain chassis parts for automotive vehicles.

Underwriting—Shields & Co. head the underwriting group, with names of others to be supplied by amendment.

Offering—Price to the public to be supplied by amendment.

Proceeds—Proceeds from sale of stock go to the selling stockholders.

Registration Statement No. 2-5360. Form S-1. (4-25-44).

WEDNESDAY, MAY 17

INDUSTRIAL RAYON CORP. has filed a registration statement for 100,000 shares of $4.50 preferred stock, series A, without par value.

Address—West 98th Street and Walford Avenue, Cleveland.

Business—Production of rayon textile yarn, etc.

Underwriting—Principal underwriters are Kuhn, Loeb & Co. and Harriman Ripley & Co., Inc., New York. Others will be named by amendment.

Offering—Offering price to the public will be supplied by amendment. The redemption and sinking fund redemption prices will be supplied by amendment.

Proceeds—The entire amount of the net proceeds from sale of the new issue of preferred stock will be applied, together with any necessary treasury funds, to the retirement of the corporation's promissory notes to banks, dated Jan. 3, 1944, outstanding in the aggregate principal amount of $10,000,000, which were issued to retire notes of the corporation in the amount of $2,400,000 and to finance in part an expansion program. The retirement of the promissory notes will discharge all of the corporation's presently outstanding long-term debt.

Registration Statement No. 2-5361. Form S-1. (4-28-44).

THURSDAY, MAY 18

BEATRICE CREAMERY CO. has filed a registration statement for 100,433 shares of common stock, $25 par value.

Address—120 South La Salle Street, Chicago.

Business — Creamery and other food products.

Underwriting—Glore, Forgan & Co., Chicago, is the principal underwriter, with names of others to be supplied by amendment.

Offering—Company is initially offering the 100,433 shares of common stock for subscription to common stockholders. Holders of record May 19 will be given privilege to subscribe for one additional share for each four shares held to June 1, 1944, when warrants expire. Subscription price will be supplied by amendment.

Proceeds—The proceeds, together with other treasury funds, will be used to effect the redemption on Aug. 1, 1944, of approximately 29,788 shares of the company's outstanding $4.25 cumulative preferred stock at $105.50 per share.

Registration Statement No. 2-5363. Form A-2. (4-29-44).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMERICAN BAKERIES CO.—13,000 shrs. of class B stock (no par). The stock offered for sale is that of L. A. Cushman and Martha Bryan Allen Cushman as trustees of L. A. Cushman Trust. Names of underwriters and price to public by amendments. Filed March 29, 1944. Details in "Chronicle," April 6, 1944.

BEN-HUR PRODUCTS, INC. — $300,000 5% convertible debentures, series of 1943, due Feb. 1, 1951 and 11,400 prior preferred shares (for purpose of conversion). Proceeds to retire bank loans and working capital. Pacific Co. of Calif. and Wyeth & Co. named underwriters. Filed Dec. 20, 1943. Details in "Chronicle," March 9, 1944.

CARPENTER PAPER CO.—15,000 shares of common stock (par $1). Price to public $30 per share. 1,717 shares are being currently offered to a group of officers and employees at $21.50 per share under a separate registration and prospectus. Net proceeds ($446,000) are to be used for working capital. No underwriters named. Filed Mar. 30, 1944. Details in "Chronicle," April 6, 1944.

KLINE BROTHERS CO.—$500,000 5% sinking fund notes, due March 1, 1954. To be offered at 100 net, proceeds will be applied as follows: To redemption of $243,600 5% sinking fund notes, due May 1, 1952, at 100, $243,600; to renewal of equipment, etc., $75,000; for working capital, $74,295, and for post-war expansion, $80,000. Illinois Securities Co., Joliet, Ill., underwriters. Filed March 24, 1944. Details in "Chronicle," March 30, 1944.

PEERLESS IMPERIAL CO., INC.—4,000 shares of preferred stock ($100 par). Company is offering, without underwriters, to its various customers and others the 4,000 shares of preferred stock at $100 per share plus dividends. Proceeds for working capital. Not underwritten. Filed March 29, 1944. Details in "Chronicle," April 6, 1944.

PLOMB TOOL CO.—$600,000 10-year 5% convertible debentures due Jan. 1, 1954. Proceeds will be used to redeem first mortgage bonds, reimbursement of company for funds used to redeem preferred shares and reduction in V-loan. Price to public and names of underwriters by amendments. Filed Mar. 29, 1944. Details in "Chronicle," April 6, 1944.

PUBLIC SERVICE CO. OF OKLA.—$1,500,000 5% cumulative preferred stock (par $100) and $6,600,000 first mortgage bonds, series A 3½% due Feb. 1, 1971. Stock is for exchange of $6 preferred of Southwestern Light & Power Co. (subsidiary) on share for share basis. Bonds will be offered for sale at competitive bidding. Registration effective Jan. 10, 1944. Filed Dec. 21, 1943. Details in "Chronicle," March 16, 1944.

SOUTH COAST CORP.—$1,500,000 first mortgage 5% bonds due Dec. 31, 1955. Proceeds to redeem $998,405 general mortgage income 6s and for working capital. Paul H. Davis & Co. principal underwriter. Filed Jan. 24, 1944.

SOUTH COAST CORP.—$1,702,260 5% cumulative income debentures (subordinated) due Nov. 30, 1973. The debentures are owned by Celotex Corp. and do not represent new financing. Paul H. Davis & Co., Chicago, is named underwriter. Filed March 31, 1944. Details in "Chronicle," April 6, 1944.

SPRAGUE-WARNER-KENNEY CORP. — 15,000 shares of 6% cumulative preferred stock (par $100). Proceeds will be used for the acquisition of a maximum of 8,649 shares of Western Grocer Co. 7% preferred in exchange of shares and $575,000 will be applied to retirement of 5,750 shares of 6% cumulative preferred of Sprague at $100 per share. Company also plans to issue $3,250,000 face amount of installment promissory notes and use proceeds as additional working capital. A. C. Allyn & Co., Inc., underwriter. Filed March 16, 1944. Details in "Chronicle," March 23, 1944.

THE TRION CO.—12,850 shares of 5% preferred stock, cumulative (par $100). Ingalls & Snyder; Wyatt, Neal & Waggoner; R. S. Dickson & Co., Inc.; Kirchofer & Arnold, Inc.; Robinson-Humphrey & Co.; Brooke, Tindall & Co.; J. H. Hilsman & Co., Inc.; Clement A. Evans & Co., Inc.; A. M. Law & Co., and H. T. Mills. Filed March 31, 1944. Details in "Chronicle," April 6, 1944.

VIRGINIA ELECTRIC & POWER CO.—An amended plan for merger of Virginia Electric & Power Co. and Virginia Public Service Co. filed with SEC April 17, 1944. Amended plan provides following changes from original plan: (1) $23,000,000 of 3% bonds of Vepco will be sold instead of $24,500,000 of 3½% bonds; (2) $9,000,000 of 2¼% 10-year serial notes will be issued instead of $5,000,000 2¼% 5-year serial notes; (3) each share of Vps preference will receive one share of new Vepco $5 dividend preference stock plus, for the 7% Vps preference, $24.50 in cash and for 6% Vps preference $19 in cash (plus accrued dividends in both cases); Vepco will restrict dividend payments on common to an extent which will leave in surplus $11,020,000 over a period of 10 years as compared with original proposal of $6,000,000 over a period of five years. Original plan filed Feb. 28, 1944, details of which were outlined in "Chronicle," March 16, 1944. Bids for purchase of bonds will be received by company at office of Engineers Public Service Co., 90 Broad St., New York, before 12 noon EWT on May 22.

VERTIENTES-CAMAGUEY SUGAR CO. OF CUBA.—696,702 shares of common stock ($6.50 par), U. S. currency. Of shrs. registered, 443,850 are outstanding and owned by the National City Bank, N. Y. Several underwriters have agreed to purchase $1,663,500 of first mortgage (collateral) 5% convertible bonds of company, due Oct. 1, 1951, owned by National City Bank, N. Y. Underwriters propose to convert these bonds at or prior to closing and the 252,852 shares of common stock which are received by the underwriters on such conversion, together with the 443,850 shrs. previously mentioned, will make up the total stock to be offered. Harriman Ripley & Co., Inc., N. Y., principal underwriter. Filed Mar 29, 1944. Details in "Chronicle," April 6, 1944.

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Profits In A Strait-Jacket

(Continued from first page)

only under the following conditions of profit limitation:

(1) Producers earning profits on **all operations** not more than double those earned in 1936-1939, inclusive, were to be allowed on the particular article a profit "not ordinarily to exceed 2% of cost."

(2) Producers earning on all operations profits more than double those of 1936-1939, were to be allowed no profit on the production of the article in question.

(3) In industries including producers having divergent costs of production for the given article, the highest cost producer "whose output was needed" was to be allowed no profit, and "whenever practicable" should be allowed a price merely high enough to cover his **direct** costs of production.

The directive then suggested that various producers pool their output. Exactly how this would affect the profits of the various producers is problematical.

The order states furthermore that the OPA "will require necessary increases in maximum prices to producers to be absorbed at subsequent stages of production and distribution whenever absorptive capacity exists." This means, of course, a cut in the profits of other concerns. Finally, the OPA is instructed to "review existing price regulations for the purpose of instituting desirable reductions in all items where profit margins are excessive, in order to compensate for the increases permitted by this directive."

On Jan. 26, 1944, Mr. Vinson announced that the purpose of his directive of Nov. 16, 1943, had "been widely misunderstood," many having "assumed that it was designed to govern price policies for reconversion from war production to peace production. "This," he said, "was not so. The directive was intended to apply only to manufacturers who produce essential civilian goods under mandatory orders of the War Production Board designed to supply civilians with the basic minimum requirements during the mobilization for total war."

Mr. Vinson stated that "in war, we cannot rely solely upon price and profit differentials to guide production into the most desirable channels—it is manifestly impossible to make the production of all items and lines of goods equally profitable. Without some direction, manufacturers would naturally produce those items which are most profitable, even though our war effort might suffer. . . . The purpose of my directive was to . . . guarantee that manufacturers who were subject to these controls would not be forced to produce essential items at a loss. . . . Its effect, therefore, is to aid rather than penalize industry."

In his letter of Jan. 26, 1944, Mr. Vinson limited the controls mentioned to apparel, but, on April 13, 1944, a new order was issued by Price Administrator Chester Bowles extending the principle of the order to specified building materials and to goods "finally sold to persons such as professional, institutional, industrial, or commercial consumers," who use (the goods) in the conduct of their "businesses or professions, the prices being but inconsequential cost factors that can be readily absorbed out of the profits of the purchasers." Under the order of April 13, 1944, if the manufacturer of an article on which a price increase is permitted is making any profit on all operations combined, he is allowed on the specific article merely "an amount sufficient to cover the unit manufacturing cost plus packing cost, and shipping cost." In this case, nothing is to be allowed for general, administrative, or selling expenses, or for income or excess-profits taxes. The directive continues:

"If the manufacturer's entire operation is being conducted at a loss," he is to be allowed "an amount sufficient to cover his total unit cost to make and sell the article." In this instance, general overhead expenses are to be included in the cost.

Thus, apparently against his will, Mr. Vinson, who doubtless believes in free enterprise, is gradually being forced to place more and more limitations on profits, thus tending to destroy the motivating force of the free enterprise system.

Economists pointed out long ago that prices are the safety valves of our competitive capitalistic system. Regulating prices, like sitting on the safety valve, commonly leads to untoward results. As long as inflation pours out new buying power, prices tend to rise, and they are almost as hard to sweep back as is the oncoming tide. Thus, despite the Little Steel formula, and the efforts of the War Labor Board, wages keep creeping up. In January, 1942, hourly earnings in all manufacturing industries averaged $0.801. In Dec., 1943, the figure had risen to $0.995*, an increase of 24%. During the same period, the raw materials price index rose from 96.1 to 112.1* an increase of 17%. Yet the OPA was functioning all the time. Clearly, Mr. Vinson and Mr. Bowles have failed to keep down the prices of either raw materials or labor—the largest items appearing among the expenses of manufacturers. Ordinarily, when manufacturing expenses rise, the selling prices of factory products are expected to rise in roughly the same proportion. But our administrators have been instructed to "hold the line" on prices. What else can they do except to reduce profits?

However, why should manufacturers produce articles on which they are not allowed to make a profit? If they produce, they incur the risk of loss. Stopping production seems to be the logical procedure. All this shows that, as economists have long pointed out, even in the face of inflation, prices may, perhaps, be controlled by a government which has forces sufficient to enforce its decrees, but no one has yet discovered just how to regulate prices, and, at the same time, keep production functioning efficiently.

Furthermore, if an enterprise is unable to earn a return on its invested capital, it cannot expand, for who will risk capital in an unprofitable enterprise? The individual business man must also receive profits large enough to pay him for his time and efforts or he will give up his enterprise and seek work as an employee. And this is not all. If enterprises do not expand, there will be no employment for the thousands of boys and girls added each month to the potential working force of the nation.

Mr. Vinson claims that his directives are purely war time measures. But, if price fixing adds to efficiency in war time, why discontinue it when peace arrives? Moreover, is there any prospect that, when the war stops, the Government will promptly pay off its debt to the banks and thus end the tendency of prices to rise? And, if price fixing continues, how can profits be freed of restraint?

The truth is, of course, that inflation places us between Scylla and Charybdis, and the further inflation goes, the more menacing the beetling crag and the whirlpool become. Rising prices penalize thrift; in other words, they rob the holders of bank deposits, bonds, mortgages, and life insurance policies of their savings. Furthermore, rising prices lessen the real incomes of the salaried classes. On the other hand, price regulation leads to profit regulation, to regimentation, to the substitution of a fascist economy for the competitive system of free enterprise.

It is highly probable that, if we allow inflation to continue long at the present pace, our savings will fade away despite anything that the price regulators can do. It is also clear that, if inflation continues, price regulation can be made effective only by regimentation as rigorous as that characterizing Nazi Germany.

We are, then, faced with this problem: Is it better to keep what we have saved for a rainy day or to retain our liberties? This is a hard choice to make.

For the destructive attack which the above-quoted directives make upon profits and free enterprise, it is not fair to blame Mr. Vinson or Mr. Nelson or Mr. Bowles. The really guilty parties are those responsible for inflation. Among those to be condemned are the officials and legislators who did not dare place upon the masses (who receive 90% of the national income) taxes sufficient to balance the budget; but most responsible of all are those voters whose loud protests against adequate taxation struck into the hearts of their representatives at Washington the fear of retribution at the polls. These are the real villains in the present day drama.

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*U. S. **Survey of Current Business,** Mar., 1943, pp. S-3 and S-13 and Mar., 1944, pp. S-3 and S-13.

Preston An Officer Of Stone & Webster

Tritschler Heads Trading

CHICAGO, ILL.—Stone & Webster and Blodget, Incorporated, 33 South Clark Street, announce that William S. Preston, who has been associated with them in Chicago since 1930, has been elected assistant vice-president.

Alexander M. Tritschler, for many years identified with trading activities on LaSalle Street, is now associated with them in charge of their trading department.

Du Mont Lab. Looks Good

Kobbe, Gearhart & Co., Inc., 45 Nassau Street, New York City, have for distribution an attractive illustrated brochure containing the annual report for 1943 of Allen B. du Mont Laboratories, Inc., and a preview of peace-time products of the Laboratories. Copies of this interesting brochure may be had upon request from Kobbe, Gearhart & Co.

Outlook For Rail Earnings

In the current issue of their "Investors' Almanac," Estabrook & Co., 40 Wall Street, New York City, discuss the outlook for railroad traffic and earnings after the war. Copies of this interesting and attractive booklet may be had from Estabrook & Co. upon request.

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New York, N. Y., Thursday, May 4, 1944
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The Financial Situation

It is now distressingly evident that the President has in the Montgomery Ward case placed himself and his Administration in a most awkward and wholly unnecessary situation. The case for months past has not been without its bizarre elements. The coal case some months ago was not less distressing to the thoughtful man by reason of the personal elements which rather obviously underlay much of the controversy. The instant situation, so far as is known to us, contains none of these aspects, but one is obliged to wonder precisely why the Administration has been at so much pains for so long a time to force its will upon an enterprise which by ordinary standards at least is about as far removed from the war effort as any could be. The course of the controversy can scarcely fail to leave the dispassionate observer with the impression that the large mercantile firm has been unfairly dealt with by the powers that be.

Underlying Issues

The American people would, however, make a grave mistake to adjudge this case in terms of the welfare or the history of any one business, no matter how large, or how unjustly this enterprise may have been treated. Issues are involved which go to the very roots of our system of government, and those issues are not what the Administration apparently would have us believe them to be. There is little, if any, difference of opinion among us, we suspect, concerning the duty of any and all business organizations to do whatever is within their power to further the war effort. Not much, if any, difference exists, probably, about the extent of the powers of the President to take such steps as are necessary to deal with any situation which seriously impedes or threatens seriously to impede the war effort.

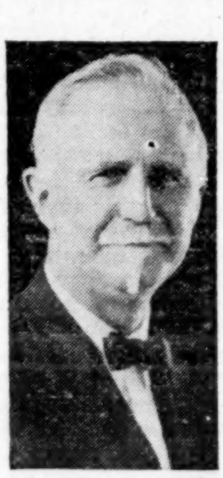
To be sure, the President of the United States and the Commander in Chief of the Armed Forces is under equally

(Continued on page 1844)

Youth's Solution To Debt Problem

By ROGER W. BABSON

Recently I was with a group of officers including graduates from Harvard Business School, Wharton School of Finance, Northwestern University and Babson Institute. We discussed what would happen, after the war, to our government bonds in case the debt reaches $300,000,000,000. These are the boys who will decide the question of whether or not the debt is to be refunded and, if so, how. It will not be decided by *present* Treasury officials, nor by *present* officers of banks or insurance companies. I will repeat the suggestions of three of these boys:



Roger W. Babson

Suggestion No. 1: "I believe that the government debt of all nations should be reorganized as would be the debt of a railroad which has become too unwieldy. The holder of a $1,000 government bond could be given $250 in a new 2½% thirty-year coupon bond; $500 in a registered income bond, the interest on which could be payable at various rates according to the receipts from a new sales tax levied for this purpose; and $250 in non-interest-bearing scrip which could be used for the payment of certain taxes. This would immediately cut the fixed interest payment down 75% and yet every bondholder should eventually get his principal back with interest depending upon the prosperity of the country."

Suggestion No. 2: "Let other countries readjust their debts in the above manner; but I shall never vote to have the United States do anything which could be called repudiation in the slightest degree. I believe a debt of $300,000,000,000 can be suported and should be suported so that every one will get his full interest and some day his principal. All we need do is to revalue the dollar by printing more currency and thus cause an increase in national income proportionate to the increase in our national debt. Instead of cutting down the war debt, let us inflate prices, wages, land values, etc. Then it will be just as easy to pay interest on $300,000,000,000 as it was to pay interest on 25% of this amount a few years ago."

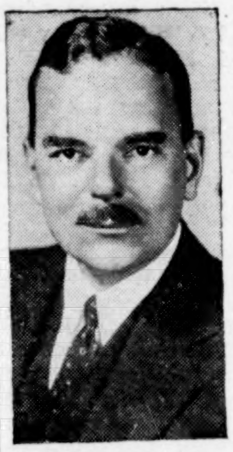
Suggestion No. 3: "I have a better idea than either of you other men," said the third soldier. "I oppose either a reorganization of the debt or inflation. Both ideas are wrong. I recommend refunding the entire debt of $300,000,000,000, for 100 years—with a ½ of 1% coupon. Then I should al-

(Continued on page 1850)

Governor Dewey Says People Must Decide Foreign Policy

Sees Urgency Of Durable Cohesion Between U. S. Great Britain, Russia And China In Measures Against Germany and Japan After War—Cites Four Objectives Necessary In Our Foreign Policy—Stresses Need of Free Press

In an address on April 27 in which he dealt with the main objectives of our foreign policy, Gov. Thomas E. Dewey of New York made the statement that "to deal effectively with our enemies, and also to solve many other post-war problems'' will "require solid relations among the United States and Great Britain, Soviet Russia and China." Governor Dewey, whose address was presented at the dinner of the Bureau of Advertising of the American Newspaper Publishing Association at the Waldorf-Astoria in New York, made it plain that "no initial measures against Germany and Japan, however drastic, will have permanent value unless they fall within the setting of a durable cohesion between Great Britain and ourselves, together, I hope, with Russia and China." It was noted by Governor Dewey that "we have a long background of friendly working relations with Great Britain and China which will make easy their continuation. "As to Russia," he said, "there has been genuine improvement growing out of our partnership in this war. The American people have sympathy and admiration for the peoples of the Soviet Union." In part, he added:



Gov. Thos. E. Dewey

"There are and will be fundamental internal differences between our countries. Our economic and social systems will not be the same. But our political dissimilarities from Russia need not be the source of friction if we seek and find the many practical ways in which we can work to a common end." He further said: "Inevitably a major resopnsibility to work together will fall upon the United States, Britain, Russia and China in the first few years following the war. They will be the strongest nations. They will be the nations with the greatest power to preserve peace or to undermine it." Governor Dewey told the gathering that "Germany and Japan must not only be utterly defeated and completely disarmed—they must not be left in a post-war environment which might enable them to maneuver as a balance of power."

According to Governor Dewey, "no foreign policy that fails to represent the will of the people will ever last as long as two years. It will not last beyond the next Congressional election

"Among our people there are differences of opinion with respect to details and methods; but, I insist, there is overwhelming agreement upon the main objectives. Those major objectives are:

"To carry on the war to total crushing victory, and in so doing drive home to the aggressor nations a lesson that will never be forgotten;

"To organize in co-operation with other nations a structure of peace backed by adequate force to present future wars:

"To establish and maintain in our relations with other nations conditions calculated to promote world-wide economic stability not only for the sake of the world, but also to the end that our own people may enjoy a high level of employment in an increasingly prosperous world."

Reference was made by Governor Dewey to the address on foreign policy last month of Secretary of State Hull in which, to quote the Governer, "Mr. Hull certainly offered a statement of basic principles which deserves respect." These statements, the Governor essayed, have nevertheless "done little to relieve the concern and uncertainty our people feel." "It is because," said the Governor, "we cannot be sure to what extent our foreign policy is actually being handled by the Secretary of State and to what extent it is being handled privately by the President."

In his concluding remarks Governor Dewey said:

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From Washington Ahead Of The News

By CARLISLE BARGERON

Back in 1932 the bonus marchers came to Washington. There finally got to be about 1,000 of them. They set up a community in a relatively unpopulated section, Anacostia. They didn't worry the citizens. Instead, the ingenuity which they showed in making "homes" out of stuff they gathered from trash heaps provoked much admiration on the part of the populace. Nevertheless, they were a source of political agitation, and Pat Hurley, then Secretary of War, had a brilliant idea. He convinced Mr. Hoover that the thing to do was take "forceful" action against these people to demonstrate that the Republican party was the protector of property rights. Forceful action as taken. General MacArthur, then Chief of Staff, rode down Pennsylvania Avenue, with all of his medals on, at the head of a squadron of cavalry, and evicted the marchers and burned their "homes" while a good part of Washington looked on. In spite of the storm that broke loose, it was about as clean an operation as one could imagine. One of the marchers got his hand cut in the flailing sabres. That was all.

The political tide was definitely running against Hoover. This incident made it a flood.

Now 13 years later, the political tide is running against the New Deal, and we see it resorting to "forceful action" in the seizure of the Montgomery Ward beachhead. We shall see whether the result will be the same, with the present indications that that is just exactly what it will be.

The Republicans were confronted in 1932 with arousing a country, considered to be essentially conservative, to the dangers of the uprising of the proletariat. In the light of what has happened there must be many who wish they had been aroused. Now, the New Dealers are confronted with an uprising of the conservatives and at the same time, an apathy on the part of their followers. They want to incite them. Just as the Republicans were trying to dramatize a warning that property rights were in danger, so the New Dealers now want to incite the millions of organized workers into believing that their "social gains" are in jeopardy.

The Republicans figured the country to be essentially conservative, though considerably disgruntled temporarily. The threat

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"Trial And Error"

"An error may wreck a train, and this trial and error method, if persisted in, may wreck the American nation. We have seen it tried in selective service. Selective service is all-important in this crisis. No one disputes that. But the trial and error method has made tennis balls of many good, patriotic young men. They have been batted into military service, and out again, and in again, until their lives are out of joint.

W. M. Jeffers

"The trial and error method has been used by the OPA until the American business man and the American housewife have grown dizzy trying to keep pace with the trials and tally up the errors.

"The trial and error method has been used by the OWI (an old friend of mine), and the American press, voicing the dissatisfaction of the American people, has been unanimously clamoring for the restoration of its age-old privilege of giving the people the day-by-day happenings of the world, restricted only by genuinely necessary war-time restrictions.

"Unforgettable are the trial and error methods of the old NRA and WPA where the trials and errors ran a dead heat."—William M. Jeffers.

Trial and error? Well, that is probably as good a name for it as any.

At any rate, it is inexcusable.

The State Of Trade

Reports from the heavy industries the past week were in the main favorable. Electric output advanced 10.7% over one year ago and carloadings also moved forward by 5.8% above the same week of 1943. For the coal industry, bituminous coal likewise showed improvement, while scheduled output of steel for the week beginning May 1 is expected to decline by 0.5% over the last two weeks in April, which were record high levels in the United States. As for retail trade in New York City, business was good despite the bad weather, and the volume of sales ranged upward from 14 to 17% higher than in the same period one year ago. Department store sales on a country-wide basis, according to the Federal Reserve Board's index, declined 11% for the week ending April 22, from the previous year, but due consideration must be given to the fact that Easter occurred on April 25, a year ago, while the figures of last week cover the post-Easter period.

In the field of electric production, results reveal that output of electricity increased to approximately 4,344,188,000 kwh. in the week ended April 22, from 4,037,498,000 kwh. in the preceding week, as reported by the Edison Electric Institute. The latest figures represent a gain of 10.7% over one year ago, when output reached 3,925,175,000 kwh. Consolidated Edison Co. of New York reports system output of 197,000,000 in the week ended April 23, and compares with 174,000,000 kwh. for the corresponding week of 1943, or an increase of 13.2%.

The steel trade, confronted with a possible midsummer cut in steel production as a result of hot weather influence and aggravated by a probable loss of considerable manpower by the draft, War Production Board is preparing to limit steel allocations for claimant agencies of the Government for the third quarter, "Steel" magazine states this week. These agencies, under Controlled Materials Plan, are preparing requests for tonnage for that period, with the likelihood allotments will be made within about two weeks, says the magazine, adding that this step should tend to clarify the various trends, and since a number of producers already are well booked for that period some revision of schedules undoubtedly will result.

The magazine continues by stating, "steel for certain types of bombs is running to many thousands of tons, involving wire rods, hot-rolled sheets, tubing and cold-drawn bars. Through directives principally, much of this tonnage is being scheduled for nearby rolling. Activity is being increased in other products, landing mats, containers, chemical warfare items and amphibious craft. While new orders for the latter have decreased, pressure for delivery on earlier contracts is heavy." Touching upon plate production, the paper reports that output in April was at a rate that causes some observers to look for a new record, exceeding the all-time high of March, notwithstanding the shorter month. Insofar as deliveries are concerned, the magazine states, "deliveries continue much deferred and are pushing further forward in practically all products. Sheets have taken first place in urgency and delivery delay, and in some cases WPB has relieved mills of some plate tonnage to allow larger production of sheets. Sheet deliveries range from September to November and some galvanized orders extend into December, and in the case of one producer, into February. Little third-quarter tonnage remains open."

As for the rate of steel production, the American Iron and Steel Institute places scheduled output for the week beginning May 1 at 99.5% of rated capacity, equivalent to 1,782,300 tons of steel ingots and castings, a decline from the new highs established in the previous two weeks in the United States. This compares with operations at the rate of 100%, and output of 1,791,300 tons a week ago. For the week beginning May 1, last year, steel output totaled 1,700,500 tons, and the rate was at 98.2% of capacity.

Carloadings of revenue freight for the week ended April 22 totaled 839,954 cars, the Association of American Railroads announced. This was an increase of 39,989 cars, or 5% above the preceding week this year, and an increase of 45,791 cars, or 5.8% above the corresponding week of 1943. However, in a comparison with a similar period in 1942, a decrease of 21,403 cars, or 2.5%, is shown.

Production of bituminous coal in the week ended April 22 moved upward, but was still well below the maximum capacity of the mines to produce even under wartime limitations, Solid Fuels Administrator Harold L. Ickes revealed. The increase reflected growing coal requirements for purposes of storage and for movement by way of the Great Lakes. Additional mine capacity remains available in the Midwest and Western producing areas the Administrator stated, and consumers supplied from those mines should accept the opportunity to build up both industrial and storage stocks while this situation prevails. Next fall and winter the demand for bituminous coal in all districts is expected to exceed the capacity of the mines to produce. For the week ended April 22 soft coal output was estimated at 12,250,000 tons, an increase of 500,000 tons over the preceding week and the largest production since the week ended Feb. 26, according to the Administrator.

Paper output for the week ended April 22 was equal to 91.3% of capacity, against a revised figure of 86.7% in the preceding week and 89.7% for the week ended April 24, 1943, the American Paper & Pulp Association's index of mill activity indicates. As for paperboard, production for the same period was reported at 98% of capacity, against 92% in the preceding week.

Retail trade in New York enjoyed a good volume of sales despite the inclement weather and, according to Dun & Bradstreet, the volume ranged from 14 to 17% higher than in the same period a year ago. House furnishing and apparel business continued to show progress. Retail stocks were in good condition, the turnover being constant and no heavy accumulation apparent. Men's wear showed some inclination to lag, while women's ready-to-wear lines advanced over last year's total for the week, with matching gloves, handbags and jabots swelling accessory totals. There was some lessening of demand for suits, but shoes sold well, impetus in all probability being given to their sale with the expiration of number 18 coupon on Saturday, last.

According to the Federal Reserve Bank's index, sales in New York City declined by 8% over the same period of last year. However, it must be borne in mind that Easter of last year was on April 25, while this year it was on April 9, and due allowance must be made in a comparison of the two periods. For the four weeks ending April 22, sales rose by 9%, and for the year to April 22, they improved by 4%.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index, dipped 11% for the week ended April 22, compared with the same week a year ago, which, it should be noted, was a pre-Easter week, while sales for the four weeks' period ended April 22 advanced 7% compared with a like period last year, and by 4% for the year to April 22, over a similar period in 1943.

The results for the month of March of independent retailer's sales show an increase of 18% over February and by one-half of that amount over March of last year as taken from the report of the Census Bureau on Monday of the present week. Sales for the current three-month period were higher by 7% than for the similar period a year ago. Jewelry stores were in the vanguard and registered the highest increase over March, 1943, being 63% and reflecting the stampede prior to the levying of higher excise taxes which became effective on April 1, last. In the women's ready-to-wear stores a gain of 28% over the previous year was enjoyed. It developed from the survey that Georgia was in the lead of 34 States with a gain of 27% over March, 1943, while California held second place with a gain of 23%. The Bureau, in its survey of department stores, stated that sales in March were up 31% over February and 20% above March, 1943, while for the first quarter of 1944 their sales were better by 7% than for the corresponding period a year ago.

Looking into the future with an eye to the potential truck requirements of the United States in the post-war, C. T. Ruhf, President of Mack Trucks, Inc., revealed that a backlog of 1,250,000 potential truck sales have accumulated with the total growing since the imposition of rationing in March, 1942. This compares with a two-year normal demand of 1,000,000 sales. Mr. Ruhf attributes the increase in potential sales to overwork and lack of proper maintenance of the equipment on hand. The care usually exercised by operators in keeping vehicles in a good state of repair has been thwarted in a large measure by the closing of 42% of the nation's service stations, coupled with loss of manpower from maintenance departments of truck dealers. He also pointed out that 19% of the trucks on the road are at least 10 years old and that a minimum of 8% were more than 15 years old.

Lumber production in February declined 8% from the January level as disclosed by the War Production Board, being slightly lower than the normal seasonal decline. The February total, according to the Board, was 2,400,000,000 board feet, including 1,900,000,000 feet of softwoods and 55,400,000 feet of hardwoods.

A good barometer of the condition of business in a given period is the cash payments available to stockholders, and the month of March of this year reflected industry's good position by exceeding by 7% dividend disbursements made in March, 1943. The manufacturing industry led the increase, which saw payments total $354,900,000, while first-quarter dividends exceeded those of the corresponding period of last year by 2%.

Total cash dividends disbursed in the first quarter of 1944 totaled $773,300,000 and compared with $756,000,000 reported in the 1943 quarter, the Department of Commerce indicated.

Secretary Of Navy Knox Dies

The death on April 28 of Secretary of the Navy Frank Knox, brought from President Roosevelt, the statement that the Secretary could truly be termed a war casualty, and that his death was a very real loss to the conduct of the war. This tribute to the late Secretary was paid by President Roosevelt on April 28, while sojourning in the South, where he had gone several weeks ago to recuperate from the effects of his recent illnesses.

Associated Press advices making known the commendations of the President on the efforts of Mr. Knox in the war, said:

He (the President) spoke of Mr. Knox's wonderful job on preparatory work in building up the world's greatest navy and praised his part in its greatest expansion in history. With Congress with him about 100%, he said, Mr. Knox had done things fast.

The President told the press here that he had sent a message of condolence to Mrs. Knox and would transmit another tomorrow to the entire Navy. The death of Secretary Knox occurred at Washington, and was due to a heart attack, following a week's illness. In Associated Press Washington advices, April 28, it was stated:

Mr. Knox was stricken with "a gastro-intestinal upset" while attending the funeral in Manchester, N. H., last week of J. A. Muehling, his business partner for the last 40 years. He returned to his office on Tuesday morning but two hours later became ill and went home. He suffered a severe heart attack as he prepared to go to bed Tuesday afternoon.

Announcement of the death of Mr. Knox was made to the Navy throughout the world by James V. Forrestal, Under Secretary of the Navy, who automatically became Acting Secretary and is expected to be named as Secretary.

With the death of Mr. Knox, the following statement was issued by President Roosevelt:

"I announce to the nation at war the sudden passing of the Secretary of the Navy, Frank Knox.

"He has done much for his country; he has helped greatly in our defense and in making victory certain.

"Finally, I like to think of his bigness and his loyalty. Truly he put his country first. We shall greatly miss his ability and his friendship.

"FRANKLIN D. ROOSEVELT."

Mr. Forrestal directed on April 28 that the colors be displayed at half-mast on all ships and at all shore establishments until sunset on the day of burial. Full military honors were accorded the late Secretary on May 1, where burial took place in Arlington National Cemetery, following funeral services at Mount Pleasant Congregational Church. President Roosevelt was represented at the funeral by Mrs. Roosevelt and his daughter, Mrs. Anna Boettiger. Vice-President Wallace was also in attendance, as were the members of the Cabinet, those prominent in diplomatic Congressional, Judicial circles, etc. Congress had recessed out of respect to the memory of Mr. Knox.

It was noted in Washington advices to the New York "Herald Tribune" April 28 that Mr. Knox, life-long Republican and Vice-Presidential nominee in 1936, accepted the Cabinet post in June, 1940, at the same time President Roosevelt nominated Henry L. Stimson, also a Republican, as Secretary of War.

From Associated Press accounts we quote:

Mr. Knox never doubted that the United States and its Allies would be victorious if they moved fast enough and armed in time. In a sense he "qualified" for the Cabinet by preaching American preparedness in pre-war years, and by early advocating that this country take its stand firmly with the forces opposing world Fascism. A long-time critic of President Roosevelt's domestic policy before the war, he saw eye-to-eye with the President on all vigorous foreign policy measures.

In this war Mr. Knox regretted that he was too old to go into uniform again, and he gave all his energy to the job of being civilian boss of the biggest American Navy in history.

Mr. Knox had seen the war coming for years and in his newspaper, the Chicago "Daily News," had preached preparedness.

Mr. Knox had been a Rough Rider with Theodore Roosevelt in the Spanish-American War. A native of Boston, Secretary Knox was born on Jan. 1, 1874, his family moving westward to Grand Rapids, Mich., when he was seven years old.

Besides the President's tribute, many others voiced their expressions of sorrow at the death of Secretary Knox, among them Secretary of State Hull, Secretary of War Stimson, etc. Prime Minister Churchill also addressed a message of sympathy to President Roosevelt.

Industrial Activity Declines Slightly, Retail Sales High, Reserve Board Reports

The Board of Governors of the Federal Reserve System announced on April 26 that "industrial activity declined slightly in March." "Retail sales were maintained at an exceptionally high level and commodity prices were relatively stable," says the Board in its summary of general business and financial conditions in the United States, based upon statistics for March and the first half of April. The Board further reports:

Industrial Production

"Output of manufactures and minerals was slightly smaller in March than in the previous two months and the Board's index of total industrial production declined 2 points to 242% of the 1935-39 average.

"Steel production advanced somewhat further in March and the first three weeks of April. Output of lumber was maintained at the level of the first two months of the year and production in the first quarter is indicated to be 3% larger than in the first quarter of 1943.

"The number of aircraft delivered increased about 4% above the level of the preceding 4 months to a new high of 9,118 planes. Deliveries of merchant ships continued to rise from the low January rate and in March were at approximately the level of a year ago. Output of other products in the machinery and transportation equipment industries declined somewhat in March.

"Output of nondurable manufactures, as measured by the Board's index, declined about 1% in March. This decline was due largely to the continued drop in small arms ammunition production. Manufactured food production was 11% greater than in March of last year.

"Coal production declined 6% in March from the exceptionally high rate in February due partly to the return to a six-day work week in anthracite mines and partly to a continuation of manpower shortage in both hard and soft coal mines. Output of crude petroleum and metals was maintained in large volume.

"The value of construction contracts awarded in March, according to reports of the F. W. Dodge Corporation, was slightly greater than in January and February, but was still lower than in any corresponding month since 1935.

Distribution

"Department store sales increased more than seasonally in March and continued at a high level in the first half of April. Sales in March were about 18% larger than in the corresponding month last year, reflecting in part the earlier date of Easter this year and the heavy buying of jewelry, cosmetics, furs, and other items before higher tax rates became effective on April 1.

"Freight carloadings declined slightly in March from the high level of earlier months, owing chiefly to a drop in the movement of coal and grain products. Total loadings were maintained in the first half of April.

Commodity Prices

"The general level of wholesale commodity prices advanced slightly from the middle of March to the middle of April. Federal maximum prices for cement, lumber, and various other industrial commodities were increased.

"Retail food prices showed little change from February to March, while retail prices of most other commodities continued to advance slightly.

Bank Credit

"Continued growth in currency and the transfers from Treasury war-loan deposits to deposits subject to reserve requirements resulted in a decline in excess reserves of member banks and in substantial purchases of Government securities by the Reserve Banks during March and the first three weeks of April. Owing to special factors, excess reserves declined to a low point of $600,000,000 at the end of March but increased in April and on April 19 were about $900,000,000, somewhat less than had generally been held in recent months.

"Federal Reserve Bank holdings of U. S. Government securities were at a new high level of $12,700,000,000 on April 19, after increasing by half a billion in the preceding four weeks. Most of the growth was in holdings of Treasury bills.

"Reporting member banks in 101 leading cities reduced their holdings of Treasury bills by $325,000,000 in the four weeks ending April 12, while holdings of other Government securities showed little change. The greater part of the decline in bill holdings in the four-week period occurred at banks outside New York and Chicago, but there were wide fluctuations within the period reflecting transactions at Chicago banks associated with the April 1 personal property tax assessment date in Illinois. Loans for purchasing or carrying Government securities continued to decline, as repayments were made on funds advanced during the Fourth War Loan Drive; these loans to brokers and dealers have fallen by $450,000,000 since the end of the drive and are now less than at any time in recent months; loans to others, which rose by $600,000,000 during the drive have subsequently declined by $400,000,000. Commercial loans declined by $210,000,000 over the month.

"Adjusted demand deposits, which declined somewhat in the latter half of March, increased during the first half of April, bringing the total outstanding to about a billion less than the level prior to the opening of the drive. Government deposits at these same banks fell by $1,500,000,000 during the four weeks ended April 12."

Illinois Trust Division Elects New Officers

The Trust Division of the Illinois Bankers Association held its annual meeting in Springfield April 25. The speakers on the program were Merle E. Selecman, Deputy Manager and Secretary of the Trust Division of the American Bankers Association, whose subject was "A Bifocal View of the Trust Business," Russell C. Whitney, of Chicago, on "Common Problems Today in Estate and Pension Planning," and Thomas S. Edmonds, of Chicago, on "Some Aspects of Recent Probate and Trust Legislation."

Officers for the ensuing year were elected as follows: President, John L. Sunde, Pioneer Trust & Savings Bank, Chicago; Vice-President, Arthur C. Boeker, Edwardsville National Bank & Trust Co., Edwardsville; Secretary, Harry C. Hausman, Illinois Bankers Association, Chicago. Members of the Executive Committee were elected as follows: Franck C. Mayne, Jr., The Central National Bank and Trust Co., Peoria; Harry E. Riddle, Peoples Bank, Bloomington. Clarence B. Jennett, of the First National Bank of Chicago, the retiring President of the Division, automatically becomes a member of the Executive Committee.

These officers and members of the Executive Committee will be installed during the 54th Annual Convention of the Illinois Bankers Association at the inaugural luncheon which will be held Friday noon, May 26, at the Palmer House in Chicago.

White Appointed To War Finance Post

Nevil Ford, Chairman of the War Finance Committee for New York, announced on April 30 the appointment of William R. White, Vice-President of the Guaranty Trust Co. of New York, as Chairman of the Committee's Banking and Investment Division for the forthcoming Fifth War Loan. Mr. White was until the fall of 1942, Superintendent of Banks of the State of New York. He was born in Coudersport, Pa., June 24, 1903, and was educated at Bucknell University and the Columbia Law School, being graduated from the latter and admitted to the bar in 1929. After a year with a New York law firm, he was appointed Assistant Counsel in the State Banking Department by former Superintendent of Banks Joseph A. Broderick. Four years later he was appointed Deputy Superintendent and Counsel and in January, 1936, he was appointed Superintendent of Banks by Governor Lehman—the youngest superintendent of banks the State has had. When he resigned from the post he had served in it six years and ten months—with one exception the longest tenure of office of any superintendent in the 91-year history of the State Banking Department.

Upon his appointment as Superintendent, Mr. White directed the drafting of legislation for a general revision of the State Banking Law. During his term of office, the banking structure of the State was strengthened through the recasting of capital structures, the liquidation of sub-standard assets, the improvement of personnel in key positions and through a number of mergers and consolidations.

More Life Insurance Bought By Women

An increase of nearly 30% in ordinary life insurance bought last year by women, who now make up 33% of the buyers of these policies, is indicated by a special study of a representative cross section of the life insurance business made by the Institute of Life Insurance. While they make up one-third of the ordinary life insurance buyers, women, the study shows, are buying smaller amounts of life insurance than men, whose needs are greater in line with their traditional position as principal breadwinner of the family. In terms of dollar value, purchases by women, it is stated, accounted for only one-sixth of the ordinary life insurance issued last year by the companies embraced in the study. If this ratio holds good for the entire business, it would mean that women last year bought more than a billion and a third dollars of ordinary life insurance. It is further indicated that women are also shown by the survey to play an important role in the purchase of industrial insurance. In 1943, they bought well over half the total number of industrial policies issued. Assuming the trends disclosed in the study apply to the business generally, their purchases of industrial insurance in 1943 amounted to an indicated billion and a half dollars. The Institute also says:

"The wartime activity and increased responsibility of women has had an important effect in emphasizing their interest in life insurance protection, and the present high ratio of total ordinary insurance buyers compares with only 20% as recently as 1940. Women have come to recognize the importance of life insurance as a part of their individual security programs as well as protection for dependents. They are important buyers of insurance today and will undoubtedly remain so after the war."

Plans For Reconversion To Passenger Car Production Discussed By Mfrs. & WPB

Seventeen of the nation's leading automobile executives, representing the nine manufacturers of passenger cars, heard Chairman Donald M. Nelson and Executive Vice-Chairman Charles E. Wilson of the War Production Board reiterate on April 17 that no resumption of passenger car production is yet in sight. "Not a single one of us knows when a return to the production of automobiles will be possible," Mr. Nelson said. "It depends entirely on military events. However, it is time for the auto industry and the government to sit down together to discuss the major problems that will be involved in return to passenger car production when the day for such a return arrives." Mr. Wilson pointed out that "it's very obvious that for many months to come, you in the auto industry will continue to have a tremendous war production job to do. But we do want to establish plans so that when the time does come we can move up quickly on this readjustment. We must be ready to meet the varying circumstances that may arise."

The auto executives met as members of the Automobile Industry Advisory Committee for what Mr. Nelson described as "probably the most important" industry meeting to be held so far this year. "In this meeting," he said, "we hope to get your ideas about the things that are essential to be done. We'd be negligent, and you would be negligent, if we didn't think through the policies on readjustment before the time for readjustment arrives. In peace time, your industry furnishes more employment than any other. Well in advance of the collapse of Germany, we must carefully plan just how we'll go about the resumption of auto production. I hope that this meeting will serve as a pattern for a number of others, so that when we can get back to peacetime pursuits we won't be caught unprepared."

The automobile company executives agreed that there should be no resumption of passenger car production as long as the industry is engaged in an all-out war effort. In planning for readjustment, they agreed with the suggestion of Mr. Nelson and Mr. Wilson—that Government and industry should be ready either for a sudden collapse of the Axis powers, or for a long transition period in which some resumption of peace-time production would accompany a continuance of substantial war production.

At the morning session, members of the committee devoted considerable time to discussion of machinery and equipment needed for the manufacture of cars. Approximately 75% of the industry's equipment, it was stated, has been converted to war production, and a number of executives said that one of the first policies to be laid down should be a policy governing tools and machinery, including both the question of releasing government-owned equipment and the question of placing orders now for new tools with the machine tool industry.

Another problem brought up at the morning session was the question of the number of cars to be produced when some resumption of production is finally permitted. Several manufacturers asserted that this number should be fairly substantial—in the neighborhood of 2,000,000 cars annually; some of the smaller producers urged that any program finally evolved be kept flexible enough so that no company will be compelled to reenter peace-time production at too great a loss. There was general agreement that the manpower situation in the auto industry is likely to ease considerably during 1944, and that a serious unemployment problelm would develop with the tapering-off of war production unless the transition to peace-time production is properly planned.

Attending the meeting, with WPB and Army officials, were the following: C. E. Wilson, President of General Motors, and Albert Bradley, Vice-President; Ward M. Canaday, President of Willys-Overland Motors, Inc., and Delmar G. Roos, Vice-President; Henry Ford, II, Vice-President of the Ford Motor Co., and R. R. Rausch, Vice-President; Powel Crosley, Jr., President of the Crosley Corp., and R. C. Cosgrove, Vice-President; George W. Mason, President, the Nash-Kelvinator Corp., and A. M. Wibel, Vice-President; A. E. Barit, President of the Hudson Motor Car Co., and S. G. Baits, Vice-President; K. T. Keller, President of the Crysler Corp., and B. E. Hutchinson, Vice-President; J. H. Marks, Vice-President of the Packard Motor Car Co.; Paul G. Hoffman, President of the Studebaker Corp., and Courtney Johnson, assistant to the Chairman of the Board.

Eckert Of Cleveland Reserve To Assist In Organization Of Central Bank Of Paraguay

Phil S. Eckert, agricultural economist of the Federal Reserve Bank of Cleveland, has been assigned, at the request of the Board of Governors of the Federal Reserve System, to assist in the organization of the Central Bank of Paraguay and to make recommendations concerning the reorganization of agricultural credit in that country, M. J. Fleming, President of the Cleveland Reserve Bank has announced:

Dr. Eckert will leave shortly for Asuncion, the Paraguayan capital, where he expects to stay from four to six months before returning to the bank. En route he will stop at Mexico City, San Jose, Costa Rica, and Rio de Janiero, Brazil. The advices from the Cleveland Reserve Bank also said:

"Accompanying Dr. Eckert will be Robert Triffin of Washington, D. C., central bank specialist of the Board of Governors, who last summer spent two months in Paraguay helping to write a new monetary law for that country.

"The mission is part of the services which the Federal Reserve System, in cooperation with the State Department, is providing in the monetary and banking field to Latin American countries at a time when American war purchases are accentuating the difficult financial problems faced by those countries.

"In Mexico City, Dr. Eckert will make a brief study of the credit system of Mexico. Several years ago he went to Mexico City for the State Department to assist in agricultural research there.

"He will spend two weeks in Costa Rica studying the system of agricultural credit to determine its applicability to other Latin American countries. While there he will visit the newly-opened Inter-American Institute of Tropical agriculture.

Prior to his association with the Research Department of the Federal Reserve Bank, Dr. Eckert was Assistant Professor of Agricultural Economics at Ohio State. Previous to that, he was instructor in agricultural credit and marketing at Montana State College."

The Financial Situation

(Continued from first page)

heavy obligations to deal squarely with all citizens, including the business man as well as the wage-earner, in war as well as in peace. Of course, no one whose judgment is worthy of much respect would feel inclined to condone policies on the part of the Federal Government which, willfully or not, makes use of the war situation to aid organized workmen in their conflicts with employers. That, of course, has grown to be a commonplace, and is most conspicuous in the case now under discussion. Yet it would be going rather too far to undertake to justify a business enterprise engaged in vital war work taking steps which must inevitably delay victory and make it more costly in lives. As to all this there is no dispute.

Really Impeding?

The question as to whether the situation which had arisen — certainly, incidentally, in part as a result not of the actions of the company but of the Federal Government itself—either was impeding the war effort or seriously threatening to do so is certainly at issue. To the average man who has followed the case in the press, it must appear a little strange, to say the least, that a mail order house which, incidentally, appears to have kept its business going at something not very far from normal in any event, should by suffering a partial strike in a part of its organization be so damaging or threatening to the war effort as is claimed in the solemn assertions of the Administration. It is, however, conceivable that there are aspects of this case which the public does not know. At any rate, it would scarcely be unreasonable to ask that the authorities be given full opportunity to prove their case.

The really disturbing question in this matter is, however, to be sought elsewhere. It is this: Have the American people reached the point where they are willing to permit a President, either in peace or in war, to take all such matters in his own hands, not only doing what is clearly necessary to protect the nation in time of danger, but exercising final judgment as to what is necessary to be done? That is to say, are we ready to concede the President the right to do whatever he assures us is in the interest of the nation in time of war—without in any instance insisting upon the safeguard of requiring him to demonstrate the necessity of the action he takes to any outside, impartial court or other body? The action of the President and the opinion of the Attorney General definitely raise this question, and if the answer of the American people is in the affirmative, there is little or nothing left of our civil liberty in times of war, and civil rights are in jeopardy in times of peace.

Note the nature of the Attorney General's argument. Here is what he advised the President:

"In my opinion the facts that have been summarized justify the following conclusions:

"(1) Montgomery Ward & Co. is engaged in activities of a kind that are essential to the maintenance of our war economy. An interruption or stoppage of the company's activities would have a serious adverse effect upon the war effort.

"(2) There is a real and present danger that the labor dispute that is now interrupting the operations of the plants and facilities of the company in Chicago may extend throughout the nation and interrupt the operations of other plants and facilities of the company. There is an equally real and present danger that the disputes will breed other labor controversies that will interrupt the operations of plants and facilities of other companies, both in the Chicago area and elsewhere, that are engaged in making or distributing goods or performing services that are essential to the war effort.

"(3) There is now no reason to expect that the disputes between the company and its employees in Chicago and elsewhere in the United States will be settled promptly and peacefully either by agreement or by the machinery that Congress has set up in the War Labor Disputes Act.

* * *

"In modern war the maintenance of a healthy, orderly and stable civilian economy is essential to successful military effort. The Congress has recognized this fact by enacting such statutes as the Emergency Price Control Act of 1942; the Act. of Oct. 2, 1942, entitled 'An Act to Amend the Emergency Price Control Act of 1942 and to aid in preventing inflation, and for other purposes'; the small business mobilization law of June 11, 1942; and the War Labor Disputes Act. Even in the absence of Section 3 of the War Labor Disputes Act, therefore, I believe that by the exercise of the aggregate of your powers as Chief Executive and Commander in Chief, you could lawfully take possession of and operate the plants and facilities of Montgomery Ward & Co., if you found it necessary to do so to prevent injury to the country's war effort.

"I conclude that in the circumstances of this case Section 3 of the War Labor Disputes Act and your constitutional and statutory powers as Chief Executive and Commander in Chief of the Army and of the Navy, considered either separately or together, authorize you to direct the Secretary of Commerce to take possession of and to operate the plants and facilities of Montgomery Ward & Co., in Chicago, Ill."

Here, be it noted, the Attorney General is telling the President that he has the authority to do these things not if the situation at which it is aimed is in fact impeding the war effort, but merely if he "finds" that it is. The findings in this instance are obviously based upon government organizations of the President's own creation and quite subject to his will. To top it all off, the Attorney General tells the court that it "should not substitute its judgment for that of the Executive." If what the Attorney General tells the President is true, and if the court accepts the advice offered, then it would scarcely be stretching a point to assert that upon the proper "finding" by the President he could take over the crossroads grocery store 12 miles beyond Podunkville.

The time has come for the American people to arouse themselves. There is, as a matter of fact, much at stake in this case which affects Montgomery Ward no more than it does a million other business enterprises and many millions of private lives.

Bipartisan Senate Group Named To Assist Hull On Foreign Policy Issues

Tom Connally, Chairman of the Senate Foreign Relations Committee, named on April 22 a "bi-partisan" committee of eight members of the Foreign Relations Committee to confer with Secretary of State Hull on foreign policy questions. Senator Connally acted on the invitation of Secretary of State Hull, it was stated in Associated Press advices from Washington which, in reporting that Senator Connally choose four Democrats, three Republicans and a Progressive, the majority of whom hold liberal views on foreign policy added:

Designating himself as Chairman, he (Sen. Connally) picked Senators Walter F. George of Georgia, Alben W. Barkley, the majority leader, and Guy M. Gillette of Iowa, also Democrats; Arthur H. Vandenberg of Michigan, Wallace H. White, Jr. of Maine and Warren R. Austin of Vermont, Republicans, and Robert M. La Follette of Wisconsin, Progressive.

In a statement, Senator Connally said the purpose of the proposed meetings between the Senators and State Department representatives was to develop "each other's slant of mind with respect to various phases of future international questions and to a suitable program of conference and discussion as developments may arise."

He stated that an initial meeting ould be held with Secretary Hull early next week and would be "exploratory and consultative in character."

"A preliminary purpose for such cooperation and consultation will be to secure as great unanimity among the American people and the Congress as possible with reference to a basic post-war security program," he declared. "In foreign relations it is of the highest importance that our country present a united front."

He pointed out that the majority of those chosen in what was generally regarded as a move to establish a partnership between the legislation and executive branches on peace problems had served on the subcommittee which drafted last winter's Senate resolution pledging American cooperation in the establishment of international peace machinery.

Senator La Follette was the only outstanding opponent of that resolution among those placed on the new liaison committee. Senator Austin, who only recently received a place on the Foreign Relations Committee, apparently was included because of his outstandingly liberal international views. Senator White is acting minority leader and Senator Vandenberg heads the Republican post-war advisory committee on foreign affairs.

The precedent of giving the majority party majority representation on committees of this nature was discarded by Senator Connally, but the appointment of Senator La Follette kept Republican representation to one less than that of the Democrats. Senator Connally pointed out, however, that the committee probably never would be called upon to cast any votes, its role being purely consultive. He added that the group probably would report informally to the full Foreign Relations Committee from time to time on the progress of American efforts to draft a satisfactory proposal for an international peace organization.

House Passes Naval Appropriation Bill

A Naval appropriation bill, calling for an appropriation of $32,647,134,336—the largest Naval bill of its kind in the history of the country, passed the House on April 14 by a record vote of 258 to 0. The appropriation is for Naval activities during the 12 months beginning July 1, next. The appropriation, if approved by Congress, will increase to approximately $360,000,000,000 the obligations voted for the total war effort since July 1, 1940, according to Associated Press accounts from Washington April 12, which in part also stated:

"James W. Forrestal, Under-Secretary of the Navy, told the Appropriations Committee during hearings on the bill that the appropriations were the prelude to major operations both in the Pacific and the Atlantic. . . . The committee made few cuts in the budget requests, the $32,647,134,336 approved being $803,685,164 below the requests submitted. The total includes $27,572,202,936 in new appropriations and $5,074,931,400 in contractual authority.

"The program which the new funds will help to finance contemplates the use of 6,623 self-propelled vessels, 74,925 non-self-propelled vessels, 19,035 naval planes exclusive of thousands of training planes, and 3,657,467 sailors, Marines and Coast Guardsmen."

The bill was taken up for consideration by the House on April 12, at the conclusion of the Easter recess of Congress. In Associated Press advices from Washington April 14 it was stated in part:

"The 258-to-0 roll-call that sent the second largest appropriation bill in history to the Senate followed a single day of debate high-lighted by praise of the Navy and expressions of determination to keep it the world's largest.

"While the largest fund ever voted for the Navy, . . . the appropriation fell $27,000,000,000 short of the all-time record of $59,000,000,000 voted last year for the Army.

"While the Navy's 'big part in the war lies ahead,' Chairman Sheppard, Democrat, California, of the Navl ppropriations subcommittee told the House the outlook for the future is for 'a marked decline' in Naval expenditures.

"However, he warned that the war is far from over and 'conceivably we may be turned back' in some assaults before achieving the final vistory which Admiral Ernest J. King said would be destruction of the Japanese Empire.

"The House encountered considerable difficulty mustering a quorum of its members to pass the bill. It could have been passed yesterday but Representative Patman, Democrat, Texas, insisted on a record vote after a standing count showed all 50 members present voting for the measure. Mr. Patman insisted today that a roll-call vote be taken after another attempt to pass the bill by a standing vote showed 190 members favoring it and none opposed. A quorum of the House now is 216, and two successive roll-calls, one to bring the members from their offices and the other to get them voting, were necessary.

National Banks Liquidating Indebtedness To RFC Retiring Preferred Stock, Increasing Common

In making known on April 11 that many national banks are increasing their issues of common stock, Comptroller of the Currency Preston Delano announced at the same time that the retirement of preferred stock has also been effected by a number of National banks. That this action is indicative of the clearing up of bank debts to the Reconstruction Finance Corporation, was noted in a Washington dispatch to the New York "Times" April 11, which referred to the preferred stock now being retired as having been hypothecated with the RFC in return for loans during the depression of 1933.

Comptroller Delano's announcement follows:

"More than 200 national banks increased their common stock during the first quarter of 1944.

"This figure includes some 40 national banks which sold new common stock for cash in an amount of $5,300,000. The others increased their common capital by the declaration of common stock dividends in a total amount of $17,000,000.

"During the same period 283 national banks were able to retire the preferred stock in an amount of $7,500,000. Of the approximately $600,000,000 in preferred stock issued by some 2,300 national banks, there remains outstanding only $125,000,000 in 800 banks. Steady progress is being made, the Comptroller said, both in the retirement of the preferred stock and in the sale of common stock."

Hull Hopes For Favorable Congressional Action On Plan For International Monetary Fund

The hope that Congress will "consider the value of the international currency stabilization and investment programs as essential means of strengthening our own economy here at home" was expressed by Secretary of State Hull in a statement issued on April 22, commenting on the agreement reached by technical experts of the United Nations for the setting-up of an $8,000,000,000 international monetary fund. The reaching of the agreement, as made known on April 21 by Secretary of the Treasury Morgenthau, was referred to in our April 27 issue, page 1737. In indicating his views regarding the prosposals, Secretary Hull said:

"If such programs can be put into operation before the end of the war, we will save much time in the task of bringing about domestic and world wide prosperity when hostilities cease and immeasurably strengthen the prospects for an enduring peace."

Secretary Hull also said, according to Washington advices to the New York "Times":

"In my estimation, world stabilization of currencies and promotion of fruitful international investment, which are basic to an expansion of mutually beneficial trade, are of first order of importance for the post-war period.

"We have no way of knowing, of course, how far away victory may be. But we do know that victory will come sooner or later; and when it does, we will be faced with the most difficult international reconstruction job in the history of the world.

"A great many things will tend to interfere with our getting on with the reconstruction expeditiously, natural hurdles that we have no control over. But among the greatest, difficulties will be uncertainty as to the stability of currencies and as to the flow of international investment for post-war reconstruction and development. These we can do something about, and most assuredly should. Without solving these problems we shall be immensely handicapped in seeing an expansion of our foreign trade and balanced prosperity for our nation.

"Under the leadership of the Treasury Department, technicians of this and 30 other countries have worked out a set of basic principles with which all these technicians are in substantial agreement. These principles constitute a framework within which a plan can be developed with the minimum number of trappings and complications, a plan that will help bring prosperity to our country when the war is won.

"No Government is yet committed to any definite plan, or even to these principles. It is my earnest hope, however, that Congress, when it is called upon to make a decision, will consider the value of the international currency stabilization and investment programs as essential means of strengthening our own economy here at home."

The same advices to the "Times" from Washington April 21 also indicated that both Leo Crowley, Foreign Economic Administrator, and Jesse Jones, had also indicated their approval of the monetary plans, Mr. Crowley stating that "we in the FEA are vitally interested in the success of these programs for an International Monetary Fund and an International Bank for Reconstruction and Development because of their direct bearing upon foreign economic operations of the United States in the post-war period," and added:

"While discussions to date have been at the technical level, it is most significant that the experts of the United and Associated Nations are in substantial agreement in their analysis of the problem of post-war monetary stabilization and with respect to the machinery required to achieve this important goal."

Mr. Jones, said the "Times," declared that production on a large scale would be required to meet the demand for materials and supplies which have not been available in recent years due to production for war.

"This production cannot be had or successfully distributed and financed unless the moneys of the different countries are stabilized on an assured workable basis," he said. "Congress will have few more important matters to consider in connection with the post-war period than that of currency stabilization."

Hull Sets Up Unit For Development Of Policies For Control Of Industrial Combines And Cartels

With the establishment by Secretary of State Hull on April 20 of an industry branch in the commodities division of the Office of Economic Affairs, Mr. Hull indicated, as included among its activities, the development of policies and programs for controlling cartels, combines, etc. "The policies of the United States Government on cartels and related international industrial arrangements," according to Secretary Hull, "are inseparable aspects of United States commercial policy, and accordingly are of direct concern to the Department of State."

The New York "Times" in special advices from Washington, April 20, in reporting the setting up of the new branch, said:

"During the coming period of peace settlement, post-war adjustment, industrial rehabilitation and revival of international trade, cartel problems will be a major concern in international afairs."

The industry branch is designed to operate so that the Department's policy and action on all matters regarding international industrial arrangements may be clearly fixed and coordinated. It will be responsible for initiating, formulating and coordinating policy and action on all cartel and related international industrial arrangements.

Secretary Hull specified that its activities should include the following:

"Assembling and analyzing basic data and information, and preparing background and policy studies on international cartels, intercorporate relations of United States and foreign firms, patent and other market regulating agreements, trademarks and trade names, intergovernmental industrial agreements and related matters.

"Development of policies and programs for controlling cartels, combines, restrictive patent agreements and other restrictive international business arrangements.

"Formulation of policy on matters of international industrial arrangements involved in the treatment of industry in enemy and ex-enemy countries during the period of military occupation.

"Review of legislative proposals and discussions relating to foreign contracts, patents, trademarks, cartels, etc.

"Policy advice to divisions of the department and other Federal agencies with regard to current supply arrangements involving industrial combines, cartels and similar problems."

Church Receives Settlement From E. H. Rollins And Sons, Inc.

E. H. Rollins and Sons, Inc., and Walter C. Rawls, St. Louis resident branch manager, settled out of court the civil suit for $500,000 damage by paying $175,000 to the Board of Missions of the Methodist Episcopal Church, South, in Kansas City, on April 28, said the Chicago "Journal of Commerce" of April 29, which also had the following to say regarding the matter:

"It was learned that in arranging the settlement, Rollins paid a little less than 85% of the $175,000, while Mr. Rawls paid the balance. The contract covering the settlement, and ending the civil suit, wound up the case filed here on allegations that at least $500,000 had been wrongfully withdrawn from the $1,800,000 church fund.

"The church Board demanded at that time that the books of the firm be brought into court, and that both defendants be compelled to pay the church all the money which the Board charged had been illegally removed from church holdings between 1934 and Dec. 31, 1942.

"The Rollins firm and its St. Louis representative still face charges brought against them by the Securities and Exchange Commission and aired through months of hearings in Chicago last year to enable the SEC to determine, on its own avowed statement, whether to expel or suspend E. H. Rollins and Sons and W. C. Rawls from all dealings as licensed brokers and also whether or not to suspend both from membership in the National Association of Securities Dealers, Inc., on the ground that the firm and Mr. Rawls had violated certain provisions of the Securities Act in the handling of church funds through a period of years."

The start of this action was given in these columns in the Dec. 9, 1943, issue, page 2348.

Insurance Loans Under Nat'l Housing Act

More than 300,000 American families financed essential home repair and maintenance work last year with Title I funds advanced by private financial institutions and insured by the Federal Housing Administration, Commissioner Abner H. Ferguson announced on April 29. It is indicated that loans reported for insurance under Title I of the National Housing Act last year numbered 308,167 and amounted to $96.374,462. Of the total number, 85.3% were for repair or maintenance of single-family dwellings, 8.5% for dwellings for two or more families, 3.7% for farm homes and buildings, 2.5% for commercial, industrial or other types of structures. The advices from the Housing Agency further state:

"Of all Title I loans reported for insurance last year 97.5% were for repair or maintenance of residential properties. In 1942 Title I loans for these purposes amounted to 93.4%.

"All types of industry in the housing field shared in the proceeds of Title I loans last year, but in varying degrees and with several changes in ratios due largely to wartime restrictions. The major purpose of the loans for 29.8% of the total amount reported last year was for exterior painting, compared with 22.6% in 1942; 16.9% was for roofing, compared with 11.0% in 1942; 13.1% was for heating and plumbing, compared with 20.1% in 1942; and 6.8% was for interior finish, compared with 7.8% in 1942.

"Analysis of the volume of Title I loans reported in 1943 shows 19 States with more than a million dollars of loans for improvement of properties located within their borders, of which the first five accounted for close to half the total amount. These States with their respective amounts follow:

"Michigan, $12,354,814; New York, $10.712.078; Ohio, $9,128,029; Illinois, $8,047,839; Pennsylvania, $7,525.448; New Jersey, $5,599,857; California, $4.953,456; Massachusetts, $3.946,580; Indiana, $3.273,674; Virginia, $2,806,350; Maryland, $2.426,716; Wisconsin, $2.391,405; Minnesota, $2,377,094; Missouri, $1.932,985; Texas, $1,538,194; Connecticut, $1,533,719; Washington, $1.383,435; Iowa, $1,216.874, and Tennessee, $1,213,450."

Roosevelt Declares Fate Of Rome Rests With Germany In Reply To de Valera

Efforts of Prime Minister de Valera of Eire to secure assurances from the Germans and the Allies that Rome be spared from attacks have brought from President Roosevelt advices that Rome's fate rests with the German Government, to whom Mr. de Valera had also addressed a similar communication. The letter by Mr. de Valera to the President, and the latters reply, were made public at Washington on April 19. Mr. Roosevelt's reply was a reiteration of the Allied position—that the Allies are deeply concerned over the possibility that the city may suffer, but its fate is up to the Germans.

"If the German forces were not intrenched in Rome, no question would arise concerning the city's preservation," Mr. Roosevelt told the Irish Prime Minister.

The letters which passed between Mr. de Valera (dated March 15) and President Roosevelt's reply of April 3 as given in Associated Press advices from Washington, appearing in the New York "Times" follow:

de Valera's Message

As head of the Government of a State whose citizens in a great majority belong to the Holy Catholic Apostolic and Roman Church, I think it my duty to express on their behalf the deep distress which they feel—distress shared by 300,000,000 Catholics throughout the whole word—at the danger now threatening the city of Rome and at the absence of any measures by the belligerent powers to insure its safety.

It is clear to all that, if the city is to be militarily defended by one side and by the other attacked, its destruction is inevitable.

The destruction of this holy city which for almost 2,000 years has been the seat of the sovereign authority of the Catholic Church and contains the great central temples of Catholic religion and the great central seminaries and libraries of Christian faith would be a major calamity for the human race, robbing man for all time of the noblest memorials of his supreme religious and cultural heritage whose origins teach of our divine Saviour, Jesus Christ

Millions of Catholics would risk their lives to save these memorials, symbols of eternal things which alone give meaning to human life.

I request you to listen to the voice of millions from every land praying the belligerents to seek through apropriate intermediary channels, an agreement by which Rome may be saved.

Future generations will forget the military considerations which may now seem to dictate the occupation or possession of Rome but should the city be destroyed the fact of its destruction will be remembered forever.

So, too, should the city by agreement be spared, future generations will remember with enduring gratitude those States and their leaders who will have preserved for the enoblement of mankind this great center of Christian faith and civilization.

Roosevelt's Reply

I have received through your Minister your recent communication concerning the danger which now threatens the city of Rome. I share your concern for the preservation of that ancient monument of our common civilization and faith.

It is well known that American military authorities in Italy are committed to a policy of avoiding damage to religious shrines and historical monuments to the extent humanly possible in modern warfare. This applies to the city of Rome as well as to other parts of Italy where the forces of the United Nations are engaged in active fighting. We have tried scrupulously—often at considerable sacrifice—to spare religious and cultural monuments and we shall continue to do so.

However, in addressing an appeal to the Government of the United States to preserve Rome from destruction, you are, of course, aware that the Germans occupying the Italian capital by force are using to the limit of its capacities the communication network and other facilities of Rome to further a purely German military operation. If the German forces were not entrenched in Rome, no question would arise concerning the city's preservation.

I note that you have sent a similar communication to the German Government. The fate of Rome rests in that quarter.

It was reported in Washington advices April 25 to the "Times" that Mr. de Valera has refused to accept President Roosevelt's communication placing the responsibility for the Allied bombing of Rome on the Germans because of their continuing military operations in that area and has since renewed his efforts to encourage the adoption of measures to spare the city. The "Times" advices added:

However, Secretary of State Cordell Hull said today that Mr. de Valera had received the same answers as were contained in President Roosevelt's communication to him. Mr. de Valera brought the subject up several times, Mr. Hull indicated, but through diplomatic conversations rather than through diplomatic notes.

Results Of Treasury Bill Offering

The Secretary of the Treasury announced on May 1 that the tenders for $1,000,000,000, or thereabouts, of 91-day Treasury bills to be dated May 4 and to mature Aug. 3, 1944, which were offered on April 28, were opened at the Federal Reserve Banks on May 1.

The details of this issue are as follows:

Total applied for, $2,149,729,000.

Total accepted, $1,017,106,000 (includes $50,463,000 entered on a fixed-price basis at 99.905 and accepted in full).

Average price, 99.905 equivalent rate of discount approximately 0.374% per annum.

Range of accepted competitive bids:

High, 99.910, equivalent rate of discount approximately 0.356% per annum.

Low, 99.905, equivalent rate of discount approximately 0.376% per annum.

(36% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on April 27 in the amount of $1,002,280,000.

Governor Dewey Says People Must Decide Foreign Policy

(Continued from first page)

"If the newspapers of America will accept the challenge of peace as they have of war, we shall have made a great beginning. . . . We shall need in these years, as never before, a courageous and a free press in the United States of America."

The Governor's address follows in full:

I am very happy to speak before this war-time gathering of American newspaper publishers. Yours is an essential industry because in America the press is a vital part of our war effort, it is a vital part of our whole free system. It is an indispensable element of everything for which we fight.

The tragic history of recent years has shown us vividly that freedom of the press cannot exist where there is no political freedom, but the corollary to this basic truth is perhaps even more important; political freedom cannot exist without a free press.

An electorate fully informed on issues is as fundamental to representative government as the election itself. And full information through the press is the bulwark of the people's power to check up on their representatives between elections.

We saw it demonstrated in Germany that tyranny can rise to power by the elective process. But in order to stay in power the Nazis immediately set about destroying the freedom of the German press. In all countries men have been elected to office who proved unworthy of the trust. The strength of a free system is that such mistakes need never be fatal. They can be corrected at the polls. But these corrections can be made only if the people are informed.

Free Press Essential

The precious guaranty in our Constitution of freedom of the press is not a mere guaranty to the press. It is a guaranty to the people that their press shall be free. It imposes an obligation on government to permit free dissemination of news and a duty on the press to print honest news. The right resides in the people because it is basic to their liberties.

Freedom of the press today means more than freedom to print what information can be obtained. It means access to the news. It involves the right of information and a corresponding duty to print it.

All of us recognize the need for military censorship. But there is a dividing line between military news and political news, or, if you will, diplomatic news. It is a dividing line which can never be left without scrutiny—which throughout the war calls for vigilance. Once the fighting has ceased we must insist that all censorship of every description cease with it. We shall need then the uncorrupted word of truth.

I am confident of our future because we have, in fact, a great, free press. I believe our publishers generally are today more conscious of their tremendous responsibility than ever before. They will have much to do with the steadfastness with which we fight through this war. They will have much to do with the intelligence and determination with which we face the even more complicated problems of the peace.

The power of the written word lies in shaping the mind and spirit of man toward high achievement. There is, of course, a wide gulf between a statement of fact or of principles, on the one hand, and epithets or empty promises on the other. In recent years we have had good reason to learn that difference in our domestic affairs. It is not enough to talk about a more abundant life if the actions that follow the words leave millions unemployed and dependent upon government for bare existence. It is not enough to talk about economic security and then pursue policies which promote insecurity. It is not enough to talk about the enterprise system and then pursue a course of action that stifles enterprise.

Present Policy Uncertain

These experiences with domestic policies cannot be forgotten when we think of foreign policies. All of us are aware that there is great concern and uncertainty among our people over our nation's foreign policy. Yet I think it is no more than fair to say that we have had some excellent expressions on that subject lately from the Secretary of State, Mr. Hull. In his address of April 9 Mr. Hull certainly offered a statement of basic principles which deserves respect. His pledge to seek the advice and help of members of Congress from both parties is especially welcome. Nevertheless, these statements have done little to relieve the concern and uncertainty our people feel. That is not primarily because of dissatisfaction with the words Mr. Hull has used. It is because we see reported daily in your papers developments from abroad and other statements from high government officials at home which do not seem to fit in altogether with the words Mr. Hull has used. It is because we cannot be sure to what extent our foreign policy is actually being handled by the Secretary of State and to what extent it is being handled privately by the President.

What troubles us is not the main objectives of our foreign policy, but whether that policy will be effectively carried out in accordance with constitutional methods. One way it will succeed. The other way it will surely fail. Foreign policy is not a mere matter of negotiations, of diplomatic maneuvering, or even of treaties and alliances. Foreign policy is the expression of the ideals, traditions and aspirations of a people in their relations with the people of other countries.

People Must Decide

In a free republic there can be no such thing as an administration having an effective foreign policy unless that policy reflects the will of the people. Here we are fighting, hoping, praying for a world in which we can have a lasting peace, but in almost every discussion one simple fact is forgotten. No foreign policy that fails to represent the will of the people will ever last as long as two years. It will not last beyond the next Congressional election.

Among our people there are differences of opinion with respect to details and methods; but, I insist, there is overwhelming agreement upon the main objectives. Those major objectives are:

To carry on the war to total crushing victory, and in so doing to drive home to the aggressor nations a lesson that will never be forgotten;

To organize in co-operation with other nations a structure of peace backed by adequate force to prevent future wars;

To establish and maintain in our relations with other nations conditions calculated to promote world-wide economic stability not only for the sake of the world, but also to the end that our own people may enjoy a high level of employment in an increasingly prosperous world.

There is, I am confident, no real dissent from those major objectives on the part of any substantial portion of our people. They have been proclaimed by men of all parties and subscribed to by men of all walks of life in all parts of our country. They constitute the fundamental principles of our foreign policy because they represent the will of our people. But once again let it be said that these objectives cannot be attained by mere words.

As to the winning of the war the point needs no argument. We shall win the war only by the work and sacrifice of all our people. We shall win it by the courage, strength and suffering of our fighting men and by the unremitting effort of our war-production forces at home. To win the peace will require equally great determination, and over a longer period of time. It will not be sufficient when the fighting ceases merely to draw up a treaty and then forget about it. We must not repeat the tragic error of twenty-five years ago.

The central error of our course in 1919 was the false assumption that words could create a peace. Then, as now, there was much wishful thinking. Men everywhere wanted to feel that a treaty which proclaimed peace would suffice to assure it and that from there on they could relax. The war leaders of the world wanted to feel that by signing their names to a treaty, they had brought their task to an end. The very idea that fine words made a peace bore within it the seeds of its own failure.

Within a few years the reality of Germany bore no relation whatever to the word picture of Versailles. This was because those who drafted the treaty were tired war leaders. They could not find within themselves the physical and mental strength to make the peace a living reality.

Winning The Peace Essential

We have learned much since 1919. The experience of two world wars has taught us that we cannot remain unaffected by what happens elsewhere in the world. It has shown us that unprovoked aggression against a freedom-loving people anywhere is an attack upon the peace of the whole world. We may again be tempted to feel that, with the defeat of our enemies and a proclamation of peace, we can afford to rest on our oars. But the truth is, those years that follow will be decisive. The maintenance of peace will require continuing labor and forbearance. When we have ceased to wage war we shall have to wage peace.

Germany and Japan must not only be utterly defeated and completely disarmed—they must not be left in a post-war environment which might enable them to maneuver as a balance of power. After 1919 lethargy, jealousy and power politics resumed sway among the Allies. In that environment Germany quickly eluded the controls of the Treaty of Versailles. If after this war we reproduce that same political climate, we will get the same results. No initial measures against Germany and Japan, however drastic, will have permanent value unless they fall within the setting of a durable cohesion between Great Britain and ourselves, together, I hope, with Russia and China. To deal effectively with our enemies and also to solve many other post-war problems will, as I have said, require solid relations among the United States and Great Britain, Soviet Russia and China.

Attitude Toward Russia

We have a long background of friendly working relations with Great Britain and China, which will make easy their continuation. As regards Russia, it would be stupid to ignore the fact that during the twenty-four years between the Soviet revolution and the German attack on Russia our relations were not of the best. There were faults on both sides. If after this war we relapse into the old suspicions, the future is indeed dark. But there has been genuine improvement growing out of our partnership in this war. The American people have sympathy and admiration for the peoples of the Soviet Union.

There are and will be fundamental internal differences between our countries. Our economic and social systems will not be the same. But our political dissimilarities from Russia need not be the source of friction if we seek and find the many practical ways in which we can work to a common end.

Russian affairs are in the hands of hard-headed, realistic leaders. That is nothing we should be afraid of, provided we are equally realistic and devoted to our country. If we are, the United States and Russia can deal with each other with candor, while building firm mutual respect and friendship.

Inevitably a major responsibility to work together will fall upon the United States, Britain, Russia and China in the first few years following the war. They will be the strongest nations. They will be the nations with the greatest power to preserve peace or to undermine it.

In some countries we may for a time face confusion. We must wisely, and without intrusion into their domestic affairs, seek to make that period as brief as possible. We shall need the participation of these nations. The peace of the world will require the support of all peoples. We are all agreed that there must be prompt measures to establish a system of general international co-operation. First came the Republican Mackinac charter, then the Moscow Declaration and the Fulbright and Connally resolutions. All agree in proposing an arrangement which will regularly bring together the representatives of the nations to discuss, to plan and to seek agreement about matters of common concern. This will not be accomplished to perfection over night, or in a few months. It must be a matter of growth and experience and everlasting hard work.

U. S. Role In Rehabilitation

It will not be possible to solve immediately the economic problems of the world. It will take time and patience to restore currency stability and trade relationships and to promote the general economic well-being.

Here it cannot be too greatly emphasized that the role of the United States will be decisive. We will be truly effective in helping with the economic rehabilitation of the world only if we first restore at home a healthy, a vigorous and a growing economy.

There are false prophets who for years have been telling us that America has ceased to grow; that its period of vigor is over. They would have us believe that our economy has become mature. They say it is static, that it can continue to function only by constantly taking ever more expensive patent medicines. Yet these same people now talk glibly of a W. P. A. for all the rest of the world.

To hear them talk, Uncle Sam must play the role of a benevolent but slightly senile gentleman who seeks to purchase the good will of his poor relations by distributing among them the dwindling remains of his youthful earnings.

I utterly reject that proposition. America is still young, still vigorous, still capable of growth. Certainly we shall play the part of a good citizen in the community of nations. We shall deal fairly and generously with our neighbor nations throughout the world. This we shall do because it represents the practical idealism for which America has always stood and because it is good, hard common sense. Good-will cannot be bought with gold. Good-will flows irresistibly to the man who successfully manages his own affairs, who is self-reliant and independent, yet who is considerate always of the rights and needs of others.

Traditionally, America has occupied this role for 150 years. This country won the admiration of the world because we had here something to which the people of all nations aspired. We had a society of free men who believed in themselves and in the future of their country. We were in sober truth the land of opportunity. Here beyond everywhere else in the world there was a field for economic enterprise and human progress.

Obligations To Armed Forces

For the sake of the men and women who are working and fighting and dying to win this war, for the sake of their children and for the sake of the world we must work to make America once more the land of opportunity.

It is particularly incumbent on us solemnly to view our obligations tonight. As we meet here, hundreds of thousands of the youth of America stand poised on the shores of Great Britain for the mightiest invasion of a defended coast line in history. Every one of those young men knows that the future of his country and of freedom itself may hang on the success of this terrible venture. Every man knows the price he may have to pay.

Nothing any of us has said here tonight will be of import unless the invasion is crowned by ultimate success. The infinite patience, preparation and training behind this gigantic effort may well serve us as a standard for our own acceptance of our future responsibilities. Surely it is a minimum standard for the infinite patience, preparation and toil we should be willing to give for peace. No sacrifice for peace will ever equal the ultimate sacrifice we expect of our young men in war.

The very least we can do, therefore, as we look ahead tonight to hopes of a peaceful world, is to pledge to ourselves and to those who die for our country that we shall accept the challenge they lay before us. We can resolve to accept the responsibility which our own greatness and importance as a nation place upon us—a responsibility which two world wars have shown is utterly inescapable.

Let us recognize that this peace we pray for and our young men die for will have to be worked for over many years. Let us be flexible, earnest and devoted enough to make it a reality.

If the newspapers of America will accept the challenge of peace as they have of war, we shall have made a great beginning. The years of labor ahead will be successful only if an informed people support the effort—only if they know the size of the task. We shall need in these years, as never before, a courageous and a free press in the United States of America.

Tuck Minister to Egypt

President Roosevelt on April 24 nominated S. Pinkney Tuck, former counselor of the Embassy at Vichy, France, to be American Minister to Egypt. Associated Press advices from Washington April 24 stated:

Mr. Tuck replaces Alexander C. Kirk at Cairo. Mr. Kirk has been assigned as the American member of the Allied Advisory Council for Italy with a personal rank of Ambassador.

As counselor at Vichy, Mr. Tuck was in that capital of unoccupied France when the Germans moved in after American and British forces invaded French North Africa in the fall of 1942. He was interned and later repatriated on the exchange ship Gripsholm early this year.

The Connecticut Common Trust Fund Law

The 1943 session of the Connecticut General Assembly, following the example of the New York Legislature, enacted a law permitting trust companies and other institutions acting as fiduciaries to create common trust funds. The law is in many respects similar to the New York statute, but from an operational standpoint has been vitiated by two restrictions not found in the New York enactment. Under the Connecticut Act, the amount of each common trust fund is limited to $200,000. In New York, under both the 1939 and 1943 acts, there is apparently no limitations placed upon the size of the individual common trust fund maintained by any institution, though the Banking Department of the State is given broad powers over the creation and regulation of the funds. The strict limitation on the size of a common fund under the Connecticut laws places an obstacle to the economic operation of each fund, and accordingly offers little encouragement for their creation by the banks or fiduciary institutions.

Another provision in the Connecticut act, not found in the New York law, is the restriction of participation in the common funds to only such trusts where the governing instrument permits such investment. Obviously, most existing instruments will not contain this provision, and many years will elapse before the law could be broadly applied to the administering of trust funds. Under the New York law, unless restricted by the trust instrument, full discretion in participating in a common trust is given to the trustee.

Another point of interest in the Connecticut law is the provision prohibiting investment by common trust funds in mortgage notes. This is a result of unfortunate experiences with participation mortgage investment for trust funds in Connecticut as well as elsewhere. Like the New York law, the Connecticut act places a restriction of an investment in the securities of a single corporation that exceeds 10% of the value of the common trust fund. An exception is made in the case of United States Government obligations. Another provision which follows the New York law is the prohibition against investment "in any class of shares of stock of any corporation which would cause the total number of such shares held by such common trust fund or funds to exceed 5% of the number of such shares outstanding."

The principal sections of the Supplement to the Connecticut Banking Laws which comprise the Common Trust Fund Act of 1943 are as follows:

Common Trust Funds

Par. 656g (1943) **Establishment.** Any bank or trust company qualified to act as fiduciary in the State may establish one or more common trust funds and may invest funds which it holds as fiduciary in such common trust fund or funds, provided such investment is permitted by the instrument, judgment, decree or order creating such fiduciary relationship.

Par. 657g (1943) **Investment, General.** The funds and assets of a common trust fund may be invested and reinvested in those investments in which a trustee may invest trust funds under the laws of this State, except that no funds of a common trust fund shall be invested in notes of any individual or individuals, whether or not secured by a mortgage upon real estate, or in notes or bonds of any corporation when the total issue of such corporate notes or bonds is less than $500,000.

Par. 658g (1943) **Investment, Limitation in Obligation of Corporations.** No investment for a common trust fund shall be made in stocks or bonds or other obligations of any corporation which would cause the total amount of investment in stocks or bonds or other obligations issued or guaranteed by such corporation to exceed 10% of the value of the common trust fund, provided this limitation shall not apply to investments in obligations of the United States or in obligations for the payment of principal and interest of which the faith and credit of the United States is pledged. No investment for a common fund or funds administered by any bank or trust company shall be made in any class of shares of stock of any corporation, which would cause the total number of such shares held by such common trust fund or funds to exceed 5% of the number of such shares outstanding.

Par. 659g (1943) **Investment, Limitation in Any One Trust.** No bank or trust company, as a fiduciary, shall have invested more than $20,000 of any trust in common trust funds. If two or more trusts are created by the same settlor or settlors and as much as one-half of the income or principal of each trust is payable or applicable to the use of the same person or persons, such trust shall be considered as one for the purpose of this limitation. Nothing herein shall require the fiduciary to withdraw any part of a participation which has increased in value beyond $20,000. No bank or trust company shall invest or accept for investment any funds in common trust funds other than in a fiduciary capacity.

Par. 661g (1943) **Total Value of Participations in Fund.** After a common trust fund has received participations aggregating in face value the sum of $200,000 no further participations shall be accepted, until, by withdrawals, the aggregate face value of all participations has fallen below said sum of $200,000. Nothing herein shall require the participations in a common trust fund to be reduced in number or amount because of the fact that the market value of all the assets of the common trust fund has increased beyond said sum of $200,000.

Republicans Oppose Increase In Federal Debt Limit

Republican opposition developed in the House on April 25 against Administration bill to raise the public debt limit from $210,000,000,000 to $260,000,000,000. The proposed legislation to raise the debt limit was referred to in our March 30 issue, page 1340. Regarding the views of the Republicans of the House, Associated Press advices from Washington April 25 stated:

"Representative Knutson (R.-Minn.), Republican leader of the Ways and Means Committee, said, 'we're going to insist that the new limit be set considerably lower than $260,000,000,000; probably $240,000,000,000 would be enough,' he added:

" 'No matter what limit we set—even at a thousand billion—this Administration would reach it.'

"President Roosevelt, in his budget message to Congress early in the year, estimated the public debt would reach $258,000,000,000 by June 30, 1945.

"The debt limit was raised last March from $125,000,000,000 to $210,000,000,000.

"Representative Dewey (R.-Ill.), who was Assistant Secretary of the Treasury in the Coolidge Administration, joined Mr. Knutson in opposing a $50,000.000,000 jump at this time, saying that the boost should be only enough to carry through to March 1 next, leaving further increases to the new Congress to be elected this fall."

N. Y. Factory Employment Declines Further in March

Continuing its downward movement from the November peak, factory employment in New York State dropped another 1% between Feb. and March, according to a statement released April 15 by Industrial Commissioner Edward Corsi. This decline brings the total decrease in employment to 3.7% for the four month period. Payrolls decreased only slightly. Employment losses in March were most pronounced in the metals and machinery, rubber, stone, clay and glass, textile and food industries. Employment in the apparel and furniture groups remained at about the same level, while lumber had a substantial percentage increase, the Commissioner stated, the report continuing:

"The index of factory employment based on the average of 1935-1939 was 155.4 for March, a decrease of 1.1% from Feb. and a drop of 3.3% from last March. The payroll index stood at 298.2, which represents a decrease of 0.5% from Feb. and a gain of 4.3% over March a year ago. Average weekly earnings were $47.32 in March compared with $47.26 in Feb. The above statements are based on preliminary tabulations covering reports from 2,856 factories throughout the State. The collection, tabulation and analysis of these reports are made by the Division of Statistics and Information under the direction of Dr. E. B. Patton.

"Manufacturers of all kinds of war materials reported decreased employment and payrolls. These include munitions, armaments, tanks, aircraft, ships, electrical equipment and scientific instruments.

"Cancellations of contracts were reported by some producers in the war industry class, while others explained that decreases were due to the tightening up of military deferments. Steel mills had fewer workers but their payrolls were larger. Tin can factories curtailed operations sharply, while producers of agricultural machinery reported increased activity. Employment decreased 1.9% for the metals and machinery group as a whole and payrolls declined 1.6%.

"Employment decreased in all branches of the food industry except dairy products, where ice cream planst hired more workers. The largest declines occurred in meat, cereal, sugar, baked goods and condiment plants with small decreases in confectionery, soft drinks and wines. Net decreases for the group were 0.9% in employment and 0.4% in payrolls.

"In the textile group, where employment dropped 0.8%, cotton, rayon and woolen mills had fewer workers, as did carpet factories and bleacheries. Plants making netting and coated fabrics and those reclaiming textiles increased employment. In the stone, clay and glass industry, an employment decrease of 2% was accounted for by decreased production of glass, cement, gypsum and abrasives. Employment declined less than 1% in the paper, printing, chemical and leather industries, while payrolls advanced about 1% in each.

"A very small net gain in employment for the apparel industry was not indicative of the changes within the group. Women's dress firms hired additional workers, particularly the larger shops. Women's suit coat and skirt houses as well as milliners continued to be busy although they had passed the peak of their season. Manufacturers of blouses and lingerie increased employment, as well as producers of men's neckwear, work clothing and children's wear. Decreases were reported by many of the men's tailoring firms, furriers and manufacturers of miscellaneous apparel and those making household furnishings. Payrolls advanced 2% for the group as a whole."

"Realistically High" Taxes To Balance Post-War Budget To Be Proposed

Senator Robert A. Taft of Ohio predicted on April 16 that a program of "realistically high" taxes designed to balance the post-war budget as quickly as possible, will be proposed to the Republican National Convention by its Advisory Committee on Finance, Taxation and Money, of which Mr. Taft is chairman. This is learned from Associated Press dispatches from Washington on April 16, which added:

"Senator Taft said experts employed by the Committee already have completed the preliminary draft. He said, however, that extensive revisions may be made when the full committee meets soon at his call. Besides Senator Taft, the Committee members are Governor Leverett Saltonstall of Massachusetts, Governor Dwight Griswold of Nebraska, former Senator John Townsend of Delaware, Representative Roy O. Woodruff, of Michigan, Representative Alben E. Carter, of California, and Henry Leonard, of Colorado.

"Senator Taft told a reporter he personally thinks it will be necessary to keep taxes high after the war, although he said some adjustments may be necessary in corporation levies to encourage reconversion and private enterprise.

" 'The thing we have got to do as quickly as possible is to bring the Federal budget into balance and start paying off the enormous war debt,' he declared. 'We cannot go on with deficit spending in peace time if the nation's financial stability is to be maintained.'

"Senator Taft said the Committee's research staff had been asked to determine, among other things, how heavy a burden of taxation the people can carry 'without socialization.' The staff also was directed to report on the estimated cost of various post-war government activities."

American Business Groups Endorse Exchange Charge Absorption By Reserve Member Banks

The American Business Congress endorsed on April 7 the Maybank Bill as necessary to guarantee the continued existence of the thousands of small banks scattered throughout the Nation's small communities and criticized the Federal Reserve System for its arbitrary action in ordering banks to pass charges levied by these small banks on to their customers instead of absorbing them as has been the general customs for the past 25 years.

"This extra assessment on the bank accounts of business men—many times running to almost 1%—imposes a heavy burden on the bank transactions of the small business men of the country. Small firms, now working on limited margins of profit because of OPA regulations, cannot afford to sustain even a fraction of 1% loss on their selling prices," according to Nat Bass, a Vice-President of the American Business Congress. "No bank carries a customer account at a loss and the practice of the larger banks in the past of absorbing these exchange charges for their customers is clear indication that the banks could afford to do so and still operate profitably. The small banks who make these charges generally serve very small communities and are dependent upon this additional revenue for their very existence."

Mr. Bass added:

"By its Rule Q, the Federal Reserve System is attempting to dictate to all of its member banks a change in administrative procedure which should only be accomplished through Congressional or State action. The small business men of the country are alarmed at this encroachment by the Federal Reserve System on the prerogatives of the banks and believe that without passage of the Maybank Bill, which nullifies Federal Reserve Rule Q, a dangerour precedent will be set and the door will be open for the Federal Reserve to issue further directives governing service charges, limitations of service. minimum balances, and possibly even interest charged on notes."

"By the Federal Reserve System's Rule Q," Mr. Bass explained. "all banks who pay certain charges for clearing out-of-town checks must pass those charges on to their customers. In the past most of the country's banks absorbed these charges. But this source of revenue, small in itself, has been exceedingly important to the little banks whose limited incomes and revenues necessitated such charges. As the ruling is enforced, these small banks will find thousands of their customers transferring their accounts to the larger and more centralized banks in order to avoid charges of this type. The closing of these accounts would be ruinous to many of the 2,500 small banks now serving the little communities of the country."

The American Business Congress believes that passage of the Maybank Bill S. 1632 would return to the banking system of the nation the option of absorption of these charges or of passing them on to their customers in accordance with the privilege they enjoyed prior to the issuance of the Federal Reserve System's Rule Q. Bearing the strong endorsement of the Federal Deposit Insurance Corp., says the American Business Congress, S. 1632 has already passed the House of Representatives by an overwhelming vote, has been reported favorably by the Senate Banking and Currency Committee. It now awaits Senate action.

Small Business Unit To Be Expanded

The expansion of the small business unit of Commerce Department into a full division of agency was announced on April 10 by Secretary Jesse Jones. The division will coordinate all small business activities of the Department and maintain close contact with other governmental agencies and private organizations; it will be headed by Quincy Adams, of New York, who has been designated Chief of the Department's small business unit. There will also be two sub-sections: Wilford L. White, former Professor of Marketing at University of Texas, will head the special studies unit and William Sheperdson, former New York business consultant, will head the management aid and finance unit. Both have been with Commerce Department several years.

In his announcement Secretary Jones stated, according to the New York "Times" Washington advices:

"The Department of Commerce seeks to encourage those who have an interest in the welfare of small business. The task that lies ahead must be performed by the cooperative efforts of Government and private initiative if small enterprise is to retain its rightful place in our traditional system of competitive capitalism."

Agricultural Deparlment General Crop Report As Of April 1

The Department of Agriculture at Washington on April 10 issued its crop report as of April 1, 1944, which we give below:

The crop producing areas of the country have had the wettest March since 1922. Either the frequent rains and snows or the cold weather have delayed farm work in nearly all states. In a large southeastern area that includes the eastern Cotton Belt and extends westward into east Texas and northward into the southern part of the Corn Belt, the delay from wet weather has been general and may affect the acreage than can be planted to spring oats. It will also tend to reduce the yields of corn and small grains in some areas where these are usually planted during March. The early vegetable and fruit crops of the South have also suffered from late frosts.

In northern areas, from the Rocky Mountains eastward, the delay of field work has not yet become serious, and the widespread rains have greatly improved prospects for pastures and hay crops. From southern Kansas and Colorado northward the rains and snows of March raised prospects for nearly all crops and eased somewhat the fears of local shortages of water for irrigation. In portions of this area, especially in the western part of the Great Plains, reserves of subsoil moisture are only fair and in some places deficient but in nearly all areas there is now enough surface moisture to give early grass and grain crops a good start. In Utah and the Southwest the improvement has been substantial and prospects are now favorable.

In Idaho, Washington, Oregon, and the northern two-thirds of California the winter drought has not been relieved and, as the season of dependable rainfall has now passed, prospects for crops and ranges are quite uneven and locally discouraging. Some large areas have had the driest season in many years. In California the reported condition of the range is seriously low. Farther north, new grass is late and prospects are questionable.

Looking at the country as a whole, weather irregularities to date do not appear particularly significant or unusual except in the Pacific Northwest. Owing to the shortage of labor, delays from continued wet weather could easily become serious, particularly where farmers depend on horses for power, but recent rains have done much to restore confidence in areas where the fall and winter were too dry. As soon as the weather permits, planting will be pushed in all States, and prospects are still favorable for the planting of a near-record acreage of crops.

Winter wheat prospects have improved markedly from Nebraska southward as a result of good rains during recent months. In some Great Plains areas farmers still do not know how much of the acreage which did not sprout last fall will make a stand but current reports indicate that a crop of about 602,000,000 bushels may be expected. This is 75,000,000 bushels more than was expected last fall. The condition of rye is a little above average for this time of year and reports on oats and barley in the South, where much of the acreage is sown in the fall, show favorable prospects.

Pastures have been late in starting where March was cold, and were still dormant on April 1 in Northern States; but prospects appear average or better in practically all States east of the Rockies. For the country as a whole the reported condition on April 1 was 81, compared with 80 on the same date last year, and a 10-year average of 74. Western ranges show sharp improvement in the Southwest where new grass is starting, but declined from continued dry weather in the far Northwest. Old feed is short in some northern areas east of the Rockies because of dry weather last summer but conditions should improve when new growth starts.

Prospects for deciduous fruit production were generally favorable throughout the country on April 1. Low temperatures in the Southeastern States April 4-6 reduced peach production prospects somewhat. Citrus trees in Florida and Texas are blooming satisfactorily. The indicated aggregate acreage of cantaloups, strawberries, and watermelons, which supplements supplies of tree fruits, is 21% greater than for 1943. Increases of 70% for cantaloups and 56% for watermelons are partially offset by a reduction of 23% for strawberries. The acreage of early potatoes planted or in prospect for harvest during the spring months shows a small increase, but much of the crop is late and the increase in acreage is likely to be more than offset by a lower yield. The reported aggregate acreage of other commercial truck crops growing and to be grown for the fresh market is 23% over that of 1943. Progress of spring vegetable crops was retarded by cold, wet weather in most producing sections the second half of March, but production forecasts made to date show a total tonnage about 16% above production of these same crops last year.

Owing to the record numbers of livestock and poultry on the farms at the beginning of the year feed requirements have been unusually high. Measured in tons the large stocks of feed grains on farms last fall have been considerably reduced, in percentage the disappearance has been about normal. Stocks of corn and oats remaining on farms April 1 are estimated at about 38 million tons. This is less than the heavy holdings of 41 million to 46 million tons on the same date during the last five years but more than holdings on April 1 in earlier years except 1933 and 1921. The April stocks were 29 million tons below January holdings compared with a disappearance of 30 million tons during the same period last year and a maximum of 26 million tons during that quarter in earlier years. Because of restricted movement and the tendency of farmers to hold grain for feeding on their own farms, supplies available for purchase in deficit areas are smaller than these total stocks would indicate.

Winter Wheat

Winter wheat production of 601,759,000 bushels is indicated by the condition of the crop on April 1. Winter precipitation offset considerably the adverse conditions of fall and early winter which were due to moisture deficiency in the Southwest; the winter moisture situation has been generally favorable in the Eastern States, excepting those farthest north; the mountain States are in moderately favorable situation but moisture deficiency continues in the Northwest, and the California outlook is poor.

Winter precipitation was beneficial to wheat in the central and southern plains States where soil moisture was deficient at seeding time and continued so until the varying dates at which rains or snow occurred. Completion of seeding was prolonged, and the wheat germinated over a wide range of dates, extending into January and February. Consequently the stage of growth varies widely, and there is considerable uncertainty about the outcome of the portion of the crop that came up late, and made poor early growth. Good progress was made generally, however, after the rains or snows occurred, and the condition and yield prospects have improved considerably since December, accompanied by expectations of less acreage loss from winter damage than indicated earlier. The mild winter, fairly good snow cover when needed and enough moisture for spring growth are favorable for better than average yields in the Eastern States, excepting those farthest north where early spring growth is slow. Considerable reseeding to spring wheat may be expected in the northwest unless needed moisture occurs soon. The most important change during the winter was in western Kansas and the adjoining wheat sections in Texas, Oklahoma, New Mexico and Colorado. Nebraska is still in the balance—survival of the weakened plants is more uncertain and the outcome depends more on subsequent rainfall than in the territory from Kansas south.

The indication of acreage that will not be harvested for grain is slightly over 15%, a considerably more favorable outlook than in December, and better than the 10-year average, although indicative of loss of more acreage than occurred a year ago when about 10% of the planted acreage was not harvested for grain. Some improvement occurred during the winter months is that a larger percent of the acreage survived than had been expected. A considerable acreage was of the 100th meridian that wintered under the handicap of a late start and short growth until after mid-winter, is still dependent on quite favorable conditions for the spring start to regain normal seasonal development. However, repetition of the 1940 situation is unlikely.

Developments during the winter are reflected by present indications of a seeded yield of 12.8 bushels per acre, which is only a half bushel above the 1933-42 average yield, and a bushel less than last year. Above average yields are indicated, however, for the majority of the winter wheat States, except Washington, Montana, and Colorado.

Wheat Stocks

April 1 stocks of wheat on farms are estimated at 217,684,000 bushels or 26% of the 1943 production. A year ago slightly over 33% of the 1942 production was on farms, or a total of 325,387,000 bushels, the highest on record for April 1.

The farm disappearance of 161,437,000 bushels of wheat from January 1 to April 1, 1944 compares with a disappearance of 165,394,000 bushels for the same period a year earlier and the 1933-42 average of 78,435,000 bushels for the first quarter of the year. The disappearance of wheat between January 1 and April 1, 1944 is the second highest of record.

The demand for wheat for feeding livestock is a factor in the heavy reduction of farm stocks of wheat. On the other hand, purchases of wheat by farmers for livestock feed have increased the farm stocks in areas where feed grains were short.

Corn Stocks

Stocks of corn on farms April 1, 1944 amounted to 1,113,549,000 bushels. These reserves are about 14% above the 1933-42 average of 973,176,000 bushels for this date, but are 19% below the record stocks of 1,374,748,000 bushels a year earlier. Farm stocks were equivalent to about 40% of 1943 production of corn for grain, compared with 48% on April 1, 1943, and the 10-year average of 46% for this date.

Corn stocks as estimated cover grain corn on farms from the 1943 crop and carryover from previous years, including corn sealed under Government loan. The quantity of sealed corn under outstanding loan on farms in commercial corn counties was less than 7 million bushels on April 1. This compares with about 116 million bushels on April 1, 1943, 262 million bushels in 1942, 299 million bushels in 1941, and 451 million bushels in 1940.

Disappearance of corn from farms during the first three months of 1944 amounted to 882,551,000 bushels. This exceeds the previous record disappearance from farms for this period—871,844,000 bushels in 1943—and is far in exceess of the 10-year average disappearance of 589,114,000 bushels for the similar quarterly period.

In the North Central States farm stocks were 21% less than a year earlier, but 20% above average. Reserves in Iowa are the lowest since 1938 and in Illinois the lowest since 1937 and the situation in these two States is more or less typical of much of the Corn Belt. Disappearance from farms has occurred at a more rapid rate in this section than last year, amounting to 697,208,000 bushels since January 1, compared with 661,316,000 in the same period of last year. This sets an all-time record of disappearance for this group of States in this quarter.

Holdings of corn on April 1 were smaller in all sections than a year ago. In the North Atlantic States the reduction was 27%; in the South Atlantic States less than 1%; in South Central States 10%; in Western States 23%. Compared with the 1933-42 average, farm stocks of corn were lower in North Atlantic States, larger in the North Central States, and very near the average in all other sections.

Oats Stocks

Stocks of oats on farms April 1, 1944 are estimated at 418,255,000 bushels. This is 37% of the 1943 crop—little different from the percentage of the 1942 crop on farms as of April 1 last year. The 10-year average of the preceding year's crop on farms April 1 is 38%. The current stocks are less than 504,869,000 bushels on farms a year ago by 87 million bushels or 17%, but are 34 million bushels or 9% larger than the average farm oat stocks of 384,096,000 bushels as of April 1. The disappearance of oats from farms between January 1 and April 1 this year amounted to about 291 million bushels. This compares with a disappearance of 377 million bushels in the same period of 1943, 319 million bushels in 1942, and 324 million bushels in 1941. Since 1929 two other years (1931 and 1933) have also shown farm disappearance exceeding that of January to April this year. Stocks of oats on farms are uniformly lower than last April in all geographic regions except in the South Central group of States.

Rye

The April 1 condition of rye, 79% of normal, is 3 points above the December 1 condition and 4 points above the 1933-42 average April 1 condition. The April 1, 1943 condition was 82% of normal which was the second highest condition since 1930.

The weather was unfavorable at seeding time, particularly in the Great Plains States. The improvement in condition was marked since December 1943, ranging from an increase of 3 and 4 points respectively in Montana and Nebraska to 30 to 38 points in New Mexico and Texas, respectively.

There was little change in the Dakotas with North Dakota maintaining its December 1 condition and South Dakota down 2 points. The condition in the Pacific Coast States dropped since December. The condition in the northern tier of States from Minnesota eastward to Pennsylvania and New York showed a considerable drop since last December. However, in all other States except New Jersey the condition of rye improved since December 1.

Army At Peak Strength But Draft To Continue For Replacements

The Army of the United States has reached its peak strength but draft calls must continue at levels sufficient to supply the needs of the Navy and to provide replacements for both services, the Office of War Information reported on April 6 on the basis of information from the War Department, the Navy Department and the National Headquarters of the Selective Service System. The announcement continued as follows:

"The War Department, in a statement issued through OWI, announced that the Army of the United States has reached its planned strength of 7,700,000 officer and enlisted personnel but will require 75,000 to 100,000 men a month throughout the remainder of 1944 to maintain that strength.

"The Navy Department informed OWI that it would reach a strength of 3,500,000, including Marine Corps and Coast Guard personnel, by July 1 and that approximately 300,000 men will be needed to reach that net strength and at the same time provide the necessary replacements. An additional 100,000 men will be added to the net strength of the Navy between July 1 and Sept. 1.

"Selective Service Headquarters said induction obviously cannot be materially reduced before July because of the necessity of building up the Navy and supplying replacements for the Army and Navy."

The War Department statement follows:

"The Army of the United States has reached its planned strength of 7,700,000 officer and enlisted personnel, the War Department announced today.

"Inductions through Selective Service must continue, however, with the emphasis on young men who are needed to replace losses due to combat and to normal attrition resulting from accidents, disease, and disabilities. It is essential that from 75,000 to 100,000 men be inducted into the Army each month to maintain the strength of 7,700,000. This means that the Army will need from 700,000 to 1,000,000 men during the remainder of 1944.

"As future calls on Selective Service will be for replacements, it is imperative that new men inducted into the Army be young and physically qualified for the rigors of combat duty.

"During April, the Army will slightly exceed its planned strength in order to start now the training of men who will be required to meet anticipated losses. Men inducted into the Army in April in excess of planned strength thus will be available at the time they most probably will be needed.

"A reduction of the Army's calls on Selective Service to maintenance requirements will begin sometime in May. The size of calls thenceforth will be determined by existing conditions, with the strength of the Army fluctuating either slightly over or slightly under the 7,700,000 figure.

"It is emphasized that there can be no diminution of the efforts of local Selective Service Boards to deliver the maximum possible number of men in the lower age groups within the Army's calls. This will require continuous pressure on industry and agriculture to eliminate all but the vitally essential deferments between the ages of 18 and 26."

Profits And Operations Of Listed Corporations For 1936-1942 Surveyed By SEC

The Securities and Exchange Commission made public on April 22 Part IV of a four-volume series of reports entitled "Data on Profits and Operations—1936-1942," another in a series of statistical reports of the "Survey of American Listed Corporations."

The current series of reports presents data on profits and operations of 1,106 companies and their consolidated subsidiaries, for the years 1936 through 1942. These companies are classified in 75 manufacturing groups; their total assets in 1942 exceeded $48,000,000,000. The first volume, Part I, was made public on Feb. 20, 1944 (see Survey Series Release No. 76), and contained data on 261 companies in 24 industry groups; the second volume, Part II, was made public on March 8, 1944 (see Survey Series Release No. 77), and contained data on 271 corporations in 15 industry groups; the third volume, Part III, was made public on March 26, 1944 (see Survey Series Release No. 78), and contained data on 289 corporations in 17 industry groups. Part IV of the current series released April 22 includes data on 285 corporations contained in 19 industry groups.

Contained in the volume released on April 22 is a summary table with a "grand total" of the 1,106 corporations included in the study, with combined totals for each of the items included in the survey for each of the seven years covered, 1936-1942, inclusive. In indicating this, the Commission says:

"Comined totals for 1942 show 1,086 registrants reporting net sales of $55,567,266,000, with a resulting operating profit of $7,776,986,000, amounting to 14.0% of net sales. Net profit before income taxes amounted to $7,405,660,000, or 13.3% of net sales and net profit after income taxes amounted to $2,676,239,000, or 4.8% of net sales. Operational expenses reported show that selling, general and administrative expenses amounted to $4,203,361,000, or 7.6% of net sales; maintenance and repairs amounted to $1,862,958,000, or 3.4% of net sales, and depreciation, depletion, amortization, etc., amounted to $1,701,425,000, or 3.1% of net sales. Amortization of emergency plant facilities whenever reported by registrants are included in depreciation, depletion, amortization, etc. Net worth at the beginning of 1942 for these corporations amounted to $27,490,975,000. Net profit before income taxes as a percent of net worth for this year amounted to 27.0% with net profit after income taxes as a percent of net worth amounting to 9.7%.

"Combined data for the year 1941 showed net sales for 1,076 registrants of $42,859,931,000. Operating profit was shown to be $6,641,974,000 or 15.5% of net sales. Net profit before income taxes for this period amounted to $6,431,643,000 or 15.0% of net sales with a net profit after income taxes of $3,134,863,000 or 7.3% of net sales. Selling, general and administrative expenses in this period amounted to $4,072,868,000 or 9.5% of net sales; maintenance and repairs amounted to $1,501,173,000 or 3.5% of net sales with depreciation, depletion, amortization, etc., amounting to $1,521,677,000 or 3.6% of net sales. Net worth at the beginning of 1941 for these 1,076 corporations amounted to $26,126,792,000. Net profit before income taxes as a percent of net worth was 24.7% and net profit after income taxes as a percent of net worth amounted to 12.0%.

"For the year 1940, 1,055 registrans reported net sales of $30,702,534,000 while operating profits shown for these companies amounted to $3,746.249,000 or 12.2% of net sales. Net profit before income taxes was $3,734,341,000 or 12.2% of net sales with net profit after income taxes amounting to $2,571,784,000 or 8.4% of net sales. Operational expenses reported show selling, general and administrative expenses were $3,618,824,000 or 11.8% of net sales; maintenance and repairs amounted to $1,127,964,000 or 3.7% of net sales with depreciation, depletion, amortization, etc., amounting to $1,333,062,000 or 4.3% of net sales. Net worth at the beginning of 1940 for these 1,055 corporations amounted to $25,479,398,000. Net profit before income taxes as a percent of net worth was 14.7% and net profit after income taxes as a percent of net worth was 10.1%.

"Combined totals for the year 1939 show 1,033 registrants reporting net sales of $26,620,126,000 with a resulting operating profit of $2,582,307,000, amounting to 9.7% of net sales. Net profit before income taxes amounted to $2,531,795,000 or 9.5% of net sales and net profit after income taxes amounted to $2,060,866,000 or 7.7% of net sales. Operational expenses show that selling, general and administrative expenses amounted to $3,460,894,000 or 13.0% of net sales; maintenance and repairs amounted to $953,418,000 or 3.6% of net sales, and depreciation, depletion, amortization, etc., amounted to 1,247,863,000 or 4.7% of net sales. Net worth at the beginning of 1939 for these 1,033 corporations amounted to $24,926,273,000. Net profit before income taxes as a percent of net worth for this year amounted to 10.2% with net profit after income taxes as a percent of net worth amounting to 8.3%.

"Combined data for the year 1938 showed net sales for 1,013 registrants of $24,085,621,000. Operating profit was shown to be $1,611,071,000 or 6.7% of net sales. Net profit before income taxes for this period amounted to $1,596,119,000 or 6.6% of net sales with a net profit after income taxes of $1,276,780,000 or 5.3% of net sales. Selling, general and administrative expenses in this period amounted to $3,315,408,000 or 13.8% of net sales; maintenance and repairs amounted to $814,835,000 or 3.4% of net sales with depreciation, depletion, amortization, etc., amounting to $1,190,435,000 or 4.9% of net sales. Net worth at the beginning of 1938 for these 1,013 corporations amounted to $25,144,228,000. Net profit before income taxes as a percent of net worth was 6.4% and net profit after income taxes as a percent of net worth amounted to 5.1%.

"For the year 1937, 972 registrants reported net sales of $29,592,339,000, while operating profits shown for these companies amounted to $3,197,739,000 or 10.8% of net sales. Net profit before income taxes was $3,205.355,000 or 10.8% of net sales with net profit after income taxes amounting to $2,638.820,000 or 8.9% of net sales. Operational expenses reported show selling, general and administrative expenses were $3,456,197,000 or 11.7% of net sales; maintenance and repairs amounted to $1,045,776,000 or 3.5% of net sales with depreciation, depletion, amortization, etc., amounting to $1,187,163,000 or 4.0% of net sales. Net worth at the beginning of 1937 for these 972 corporations amounted to $23,859,393,000. Net profit before income taxes as a percent of net worth was 13.5% and net profit after income taxes as a percent of net worth was 11.1%.

"Combined totals for 1936 show 372 registrants reporting net sales of $24.885,023,000 with a resulting operating profit of $2.672,622,000 amounting to 10.7% of net sales. Net profit before income taxes amounted to $2,726,858,000 or 11.0% of net sales and net profit after income taxes amounted to $2,285,625,000 or 9.2% of net sales. Operational expenses reported show that selling, general and administrative expenses amounted to $3,050,880,000 or 12.3% of net sales; maintenance and repairs amounted to $830,046,000 or 3.3% of net sales and depreciation, depletion, amortization, etc., amounted to $1,082,015,000 or 4.3% of net sales. Net worth at the beginning of 1936 for these 872 corporations amounted to $22,728,767,000. Net profit before income taxes as a percent of net worth amounted to 12.0% with net profit after income taxes as a percent of net worth amounting to 10.1%.

"The following 17 industry groups, many of which are engaged in the production of war materials, are included in Part IV.

"Chemicals, clocks and watches, drugs and medicines, electrical household appliances and related products, fertilizers, firearms, household utensils, lumber and lumber products, manufacturing industries (miscellaneous), oil refining, paints and varnishes, paper and allied products, pens and pencils, printing and publishing companies (other than publishers of newspapers and periodicals), publishing of newspapers and periodicals, safety razors, toilet prepartions and soap, toys and sporting goods, vegetable oil producers."

In presenting the above, the Commission says:

"Whenever renegotiation of U. S. Government contracts has been completed and the effect of renegotiation has been reported or provision has been made for renegotiation by the registrants, the items affected have been adjusted and the amounts of adjustment are shown in a footnote showing the effect the renegotiation or provision for renegotiation has had upon the companies' operations for that year. Where the contracts of the registrant are subject to renegotiation or renegotiation is contemplaed or in progress and has been reported by the registrant, such facts have been noted on the tables.

"Reported as part of depreciation are charges which have been made for the amortization of emergency facilities, and wherever these amounts have been reported, they have been revealed in a footnote.

"The data are taken from registration statements and annual reports filed by registrants under the Securities Exchange Act of 1934, and from annual reports filed by registrants under the Securities Act of 1933."

Part I of the survey was referred to in our issue of March 9, page 1024; reference to Part II appeared in these columns March 23, page 1236, while Part III was noted in the April 6 issue, page 1433.

Continue WFA Wool Purchase

Continuation of the War Food Administration's domestic wool purchase program was indicated in advices from the WFA on April 15, which stated that "under Food Distribution Order 50 which became effective April 25, 1943 the Commodity Credit Corporation was made esentially the sole purchaser of domestic wool. The prices paid by the Corporation are, in general, said the advices: "the ceiling prices less transportation and marketing expenses and a charge of 1⅛ cents per pound to cover the costs of appraisal storage, and interest.

Under date of April 11 Associated Press accounts from Washington had the following to say regarding the approval of the purchase:

The Government wool purchase program, under which Commodity Credit Corporation will buy the 1944 domestic clip, was approved formally late today as Under-Secretary of Agriculture Grover B. Hill, in the presence of a number of wool-State Congressmen, signed an order putting it into effect. Under the program the CCC will pay an average of $1.18 a pound, scoured basis, for the American production of approximately 450,000,000 pounds.

Bill To Simplify Federal Income Tax Introduced In House By Repr. Doughton

As finally approved on April 22 by the House Ways and Means Committee, the so-called tax simplification bill was formally presented to the House on April 24 by Representative Doughton, Chairman of the Committee. Speaker Rayburn put the legislation on the House calendar for Wednesday, May 3, with indications that Congress would act speedily to send the tax simplifier and streamliner to the White House, said Associated Press advices from Washington on April 24, which further stated:

Mr. Doughton said that it probably would be brought up under a closed rule limiting amendments.

In its formal report, the committee said:

"Under the committee bill some persons will find their tax increased, others decreased, as compared with the present law, but these shifts in burden have been kept at a minimum. In the opinion of your committee, these shifts in burden are relatively small. The withholding method will not differ greatly from the method of existing law."

Earlier approval (on March 17) by the committee of a plan to simplify the tax statutes was noted in our issue of March 23, page 1240. Under the measure just introduced there would be no change in amounts held out of pay envelopes and salary checks this year, but, said the Associated Press, the Government itself would compute the taxes on 1944 income for those with wages and salaries under $5,000.

The measure is designed to simplify the Federal income tax laws by relieving 30,000,000 of the nation's 50,000,000 taxpayers from figuring tax returns and providing easier computations for those who must continue to file returns, it was noted in the Associated Press accounts from Washington, April 22, which also said:

Beginning next Jan. 1, if Congress approves the committee's plan, the present system of withholding taxes from wages and salaries will be revised to deduct the full tax liability for persons earning up to $5,000.

This will mean larger withholdings from most taxpayers, but committee Chairman Doughton (Dem.), North Carolina, commented: "Increased withholding is not increased tax burden. Withholding is not taxation, but a method of collecting taxes."

The measure would revise the whole individual income tax structure, keeping actual tax totals as nearly as possible at their present levels, Mr. Doughton said.

On April 22 Chairman Doughton indicated that he would introduce the legislation in the House on the 24th, with the view to putting it on the statute books before Congress recesses in June for the national Democratic and Republican conventions.

The April 22 Associated Press advices, in noting the features of the bill, reported that it would:

1. Eliminate the victory tax and set new normal and surtax rates and exemptions while keeping actual tax burdens near their present levels.

2. Revise completely the withholding system against wages and salaries, effective next Jan. 1, to deduct from wage envelopes and salary checks the full tax liability of persons earning up to $5,000. thus relieving the 30,000,000 from the necessity of computing income tax returns.

3. Of the 20,000,000 who still would have to file returns, 10,000,000 could use a simple tax table showing their entire tax and others would fill out returns in more detail but simpler than the present long form.

The press accounts added:

"The new rates would apply to final 1944 tax reports, due next March 15, but the revised withholding system would not begin until 1945.

"All those earning up to $5,000 and receiving not more than $100 from sources not subject to withholding could file a copy of a withholding receipt furnished by the employer, in place of the regular tax return, listing dependents on the reverse side and entering amounts of "other income," if any. The collector would calculate the tax and, where necessary, either bill the taxpayer for additional payment or issue a refund check.

"Some 9,000,000 now paying only Victory taxes would become regular taxpayers, paying at rates about equivalent to their present Victory tax, Mr. Doughton said.

"The measure would allow family status exemptions and flat deductions of 10% of income, in computing the new taxes, the 10% being in lieu of present deductions for other taxes, contributions to churches and charities, and interest paid.

"Any taxpayer in the class under $5,000 wishing to claim larger deductions than those computed under the new withholding taxes may file a return each March 15 if he wishes and obtain an adjustment on the basis of larger deductions.

"This is how the normal and surtax structure would be revised," said the Associated Press:

"Normal tax—Reduced from 6% to 3%, imposed against those whose income exceeds $555, with no credits for dependents, but with a straight deduction amounting to 10% of income up to $5,000. Thus a person making $2,500 would pay normal tax on the amount remaining after deducting $500 and $250 (10% of $2,500, or 3% of $1,750. The present law has exemptions of $500 for single persons, $1,200 for married couples, and $350 for each child.

"Surtaxes—Rates and exemptions are adjusted, the rate beginning at 20% instead of the present 13%. The streamliner would provide a uniform exemption of $500 for each person in the family, and a flat deduction of 10% of income. Thus the man making $2,500, assuming he had a wife and one child, would pay surtaxes on the amount remaining after deducting $1,500 and $250 (10% of $2,500), or 20% of $750. The new surtax rate would be 20% on the first $2.000 of taxable income, 22% on $2.000 to $4.000, 26% on $4.000 to $6,000, 30% on $6.000 to $8.000, 34% on $8,000 to $10.000, and progressing on up to 90% at $150,000 and over."

New York Board of Trade Moves to New Quarters

The growth of the New York Board of Trade, with its increased activities from its newly created sections has necessitated moving to larger and more modern quarters. The entire fourth floor at 291 Broadway (corner of Reade Street) has been taken and for the past month alterations have been in progress to make the Board's new quarter the most modern and efficient for commercial organization work. Two large assembly rooms are provided for meetings of members and the various committees. The Board's membership, now the largest in its history, is in excess of 1300. The Board occupied its new quarters on May 1.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table:

MOODY'S BOND PRICES†
(Based on Average Yields)

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
May 2	119.47	111.62	118.20	116.61	111.62	101.47	105.34	113.70	116.22
1	119.34	111.62	118.40	116.41	111.62	101.31	105.34	113.70	116.41
Apr. 29	119.34	111.62	118.40	116.41	111.62	101.47	105.34	113.70	116.41
28	119.35	111.81	118.40	116.61	111.62	101.47	105.34	113.70	116.41
27	119.36	111.62	118.40	116.61	111.44	101.31	105.34	113.70	116.22
26	119.48	111.62	118.40	116.61	111.44	101.31	105.34	113.70	116.41
25	119.59	111.62	118.40	116.61	111.44	101.01	105.17	113.70	116.41
24	119.70	111.62	118.40	116.61	111.44	101.31	105.17	113.70	116.41
22	119.75	111.62	118.40	116.61	111.44	101.31	105.17	113.70	116.41
21	119.75	111.62	118.40	116.41	111.62	101.31	105.17	113.70	116.41
20	119.78	111.62	118.20	116.61	111.62	101.14	105.17	113.70	116.41
19	119.82	111.62	118.20	116.41	111.62	101.14	105.00	113.70	116.41
18	119.86	111.62	118.20	116.61	111.62	101.31	105.17	113.70	116.41
17	119.86	111.81	118.40	116.61	111.62	101.31	105.17	113.70	116.61
15	119.86	111.62	118.20	116.61	111.62	101.14	105.17	113.70	116.41
14	119.86	111.62	118.20	116.61	111.44	101.14	105.17	113.70	116.41
13	119.90	111.44	118.20	116.61	111.44	100.98	105.00	113.70	116.22
12	120.02	111.62	118.20	116.80	111.44	101.14	105.17	113.70	116.41
11	119.94	111.62	118.20	116.80	111.44	101.14	105.00	113.70	116.41
10	119.83	111.62	118.20	116.61	111.44	101.14	104.83	113.70	116.41
8	119.81	111.44	118.20	116.61	111.44	100.98	104.83	113.70	116.22
7				—Exchange Closed—					
6	119.81	111.44	118.20	116.61	111.44	100.98	104.83	113.89	116.22
5	119.79	111.44	118.20	116.41	111.44	100.81	104.66	113.70	116.22
4	119.77	111.44	118.40	116.41	111.44	100.81	104.66	113.70	116.41
3	119.70	111.44	118.40	116.41	111.44	100.81	104.66	113.70	116.41
1	119.68	111.44	118.20	116.41	111.25	100.81	104.66	113.70	116.22
Mar. 31	119.68	111.44	118.20	116.41	111.25	100.81	104.66	113.70	116.22
24	119.86	111.44	118.20	116.61	111.44	100.81	104.66	113.89	116.41
17	120.14	111.44	118.20	116.61	111.25	100.65	104.66	113.70	116.41
10	120.26	111.44	118.20	116.41	111.25	100.81	104.48	113.70	116.41
3	120.44	111.25	118.20	116.61	111.25	100.49	104.31	113.70	116.41
Feb. 25	120.21	111.25	118.20	116.41	111.07	100.32	104.31	113.50	116.22
18	119.96	111.25	118.40	116.41	111.07	100.49	104.31	113.50	116.41
11	119.69	111.25	118.40	116.22	111.25	100.49	104.31	113.50	116.41
4	119.45	111.25	118.40	116.22	111.25	100.49	104.14	113.50	116.61
Jan. 28	119.47	111.07	118.20	116.22	111.07	100.16	104.14	113.31	116.41
21	119.58	111.25	118.40	116.41	111.07	100.16	104.31	113.31	116.41
14	119.57	111.25	118.60	116.41	111.25	99.84	104.14	113.50	116.41
7	119.69	111.07	118.60	116.41	111.07	99.36	103.80	113.50	116.22
High 1944	120.44	111.81	118.80	116.80	111.62	101.47	105.34	113.89	116.61
Low 1944	119.34	110.70	118.20	116.22	110.88	99.04	103.30	113.12	116.02
High 1943	120.87	111.44	119.41	117.00	111.81	99.36	103.47	114.27	117.40
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
1 Year Ago									
May 1, 1943	118.34	109.79	118.00	115.43	110.52	97.00	101.31	113.12	115.63
2 Years Ago									
May 2, 1942	117.98	106.74	116.22	113.12	107.44	92.28	96.69	110.70	113.70

MOODY'S BOND YIELD AVERAGES
(Based on Individual Closing Prices)

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
May 2	1.85	3.08	2.74	2.82	3.08	3.66	3.43	2.97	2.84
1	1.86	3.08	2.73	2.83	3.08	3.67	3.43	2.97	2.83
Apr. 29	1.86	3.08	2.73	2.83	3.08	3.66	3.43	2.97	2.83
28	1.86	3.07	2.73	2.82	3.08	3.66	3.43	2.97	2.83
27	1.86	3.08	2.73	2.82	3.09	3.67	3.43	2.97	2.84
26	1.85	3.08	2.73	2.82	3.09	3.67	3.43	2.97	2.83
25	1.84	3.08	2.73	2.82	3.09	3.67	3.44	2.97	2.83
24	1.83	3.08	2.73	2.82	3.09	3.67	3.44	2.97	2.83
22	1.83	3.08	2.73	2.82	3.09	3.67	3.44	2.97	2.83
21	1.83	3.08	2.73	2.83	3.08	3.67	3.44	2.97	2.83
20	1.83	3.08	2.74	2.82	3.08	3.68	3.44	2.97	2.83
19	1.82	3.08	2.74	2.83	3.08	3.68	3.45	2.97	2.83
18	1.82	3.08	2.74	2.82	3.08	3.67	3.44	2.97	2.83
17	1.82	3.07	2.73	2.82	3.08	3.67	3.44	2.97	2.82
15	1.82	3.08	2.74	2.82	3.08	3.68	3.44	2.97	2.83
14	1.82	3.08	2.74	2.82	3.09	3.68	3.44	2.97	2.83
13	1.82	3.09	2.74	2.82	3.09	3.69	3.45	2.97	2.84
12	1.81	3.08	2.74	2.81	3.09	3.68	3.44	2.97	2.83
11	1.82	3.08	2.74	2.82	3.09	3.68	3.45	2.97	2.83
10	1.82	3.08	2.74	2.82	3.09	3.68	3.46	2.97	2.83
8	1.83	3.09	2.74	2.82	3.09	3.69	3.46	2.97	2.84
7				—Exchange Closed—					
6	1.83	3.09	2.74	2.82	3.09	3.69	3.46	2.96	2.84
5	1.83	3.09	2.74	2.83	3.09	3.70	3.47	2.97	2.84
4	1.83	3.09	2.73	2.83	3.09	3.70	3.47	2.97	2.83
3	1.83	3.09	2.73	2.83	3.09	3.70	3.47	2.97	2.83
1	1.83	3.09	2.74	2.83	3.10	3.70	3.47	2.97	2.84
Mar. 31	1.83	3.09	2.74	2.83	3.10	3.70	3.47	2.97	2.84
24	1.82	3.09	2.74	2.82	3.09	3.70	3.47	2.96	2.83
17	1.80	3.09	2.74	2.82	3.10	3.71	3.47	2.97	2.83
10	1.81	3.09	2.74	2.83	3.10	3.70	3.48	2.97	2.83
3	1.80	3.10	2.74	2.82	3.10	3.72	3.49	2.97	2.83
Feb. 25	1.81	3.10	2.74	2.83	3.11	3.73	3.49	2.98	2.84
18	1.83	3.10	2.73	2.83	3.11	3.72	3.49	2.98	2.83
11	1.85	3.10	2.73	2.84	3.10	3.72	3.49	2.98	2.83
4	1.87	3.10	2.73	2.84	3.10	3.72	3.50	2.98	2.82
Jan. 28	1.87	3.11	2.74	2.84	3.11	3.74	3.50	2.99	2.83
21	1.86	3.10	2.73	2.83	3.11	3.74	3.49	2.99	2.83
14	1.86	3.10	2.72	2.83	3.10	3.76	3.50	2.98	2.83
7	1.85	3.11	2.72	2.83	3.11	3.79	3.52	2.98	2.84
High 1944	1.87	3.13	2.74	2.84	3.12	3.81	3.55	3.00	2.85
Low 1944	1.79	3.07	2.71	2.81	3.08	3.66	3.43	2.96	2.82
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.79	3.09	2.68	2.80	3.07	3.79	3.54	2.94	2.78
1 Year Ago									
May 1, 1943	1.98	3.18	2.75	2.88	3.14	3.94	3.67	3.00	2.87
2 Years Ago									
May 2, 1942	1.98	3.35	2.84	3.00	3.31	4.26	3.96	3.13	2.97

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

New York Savings Loan Assets Reach New High

The total assets of the 248 savings and loan associations in New York State reached an all-time high figure of $525,278,722 on Dec. 31, 1943, according to statistics made available on April 24, by the New York State Banking Department and the Federal Home Loan Bank of New York. In announcing this record volume of assets, Zebulon V. Woodard, Executive Vice-President of the New York State League of Savings and Loan Associations, pointed out that it represented an increase of 8%, or $37,194,621, over 1942.

Mr. Woodard also stated that an increase of 1%, or $4,497,672, in new share money was reported for March, while liquidity increased from 23.1% as of Jan. 1, 1944 to 24.6% on March 31, 1944. It is added that mortgage loans granted by New York State savings and loan associations during March, 1944, amounted to $5,178,190, which represented an increase of 51%, or $1,745,992, over February. Mortgage lending activities for March, 1944, also showed an increase of 103%, or $2,621,518, over March, 1943. Of the $5,178,190 loans granted during March, 1944, $4,098,355 were for the purchase of homes and $598,879 for the refinancing of previous mortgages. Construction, repair and other loans amounted to $480,956.

Electric Output For Week Ended April 29, 1944 Shows 12.1% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended April 29, 1944 was approximately 4,336,247,000 kwh., compared with 3,866,721,000 kwh. in the corresponding week a year ago, an increase of 12.1%. The output for the week ended April 22, 1944, was 10.7% in excess of the similar period of 1943.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

	Week Ended			
Major Geographical Divisions—	Apr. 29	Apr. 22	Apr. 15	Apr. 8
New England	4.3	3.3	3.3	4.0
Middle Atlantic	12.9	7.9	6.1	9.1
Central Industrial	9.5	8.0	7.2	9.0
West Central	6.1	6.0	2.8	5.4
Southern States	11.7	10.3	10.7	13.2
Rocky Mountain	2.2	5.1	5.7	6.5
Pacific Coast	25.3	27.0	26.9	30.2
Total United States	12.1	10.7	10.0	12.3

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1944	1943	% Change over 1943	1942	1932	1929
Jan. 1	4,337,387	3,779,993	+14.7	3,288,685	1,619,265	1,542,000
Jan. 8	4,567,959	3,952,587	+15.6	3,472,579	1,602,482	1,733,810
Jan. 15	4,539,083	3,952,479	+14.8	3,450,468	1,598,201	1,736,721
Jan. 22	4,531,662	3,974,202	+14.0	3,440,163	1,588,967	1,717,315
Jan. 29	4,523,763	3,976,844	+13.8	3,468,193	1,588,853	1,728,203
Feb. 5	4,524,134	3,960,242	+14.2	3,474,638	1,578,817	1,726,161
Feb. 12	4,532,730	3,939,708	+15.1	3,421,639	1,545,459	1,718,304
Feb. 19	4,511,562	3,948,749	+14.3	3,423,589	1,512,158	1,699,250
Feb. 26	4,444,939	3,892,796	+14.2	3,409,907	1,519,679	1,706,719
March 4	4,464,686	3,946,630	+13.1	3,392,121	1,538,452	1,702,570
March 11	4,425,630	3,944,679	+12.2	3,357,444	1,537,747	1,687,229
March 18	4,400,246	3,946,836	+11.5	3,357,032	1,514,553	1,683,262
March 25	4,409,159	3,928,170	+12.2	3,345,502	1,480,208	1,679,589
April 1	4,408,703	3,889,858	+13.3	3,348,608	1,465,076	1,633,291
April 8	4,361,094	3,882,467	+12.3	3,320,858	1,480,738	1,696,543
April 15	4,307,498	3,916,794	+10.0	3,307,700	1,469,810	1,709,331
April 22	4,344,188	3,925,175	+10.7	3,273,190	1,454,505	1,699,822
April 29	4,336,247	3,866,721	+12.1	3,304,602	1,429,032	1,688,434

Steel Operations Off Slightly—Seasonal Output Cut Expected—Shell Steel Orders Up

"Over the United States and Canada the clatter of shell making shops is growing more intense as the time nears for heavy artillery action by the Allies," the "Iron Age" says in its issue of today (May 4), which further adds in part:

"The steel industry has been given to understand that the large orders recently received for shell steel, which threaten to make balanced production difficult, are only a start. In third quarter the Armed Forces will require 195,000 tons more than in second quarter, it is said.

"In order to produce all the steel demanded for the immense new shell program, some of the previously high rated military projects may have to be switched to other materials, while production of structurals, rails and other products may be restricted. Hopes held in some quarters for additional civilian steel over the next six to eight months definitely have been dimmed by the continued high demand from the military authorities. The rail directive for third quarter probably will be slashed by 50,000 tons.

"Shell steel, which added over 100,000 tons in new orders to steel company books in March, will require more ingots because of the heavy cropping required and will heighten the tension in ingot processing departments. Therefore, all through the industry the effect will be felt. The shell program will continue into 1945, according to present plans, and at the same time there will be continued emphasis upon guns, heavy vehicles and their parts, a new type of landing craft, more landing mats, a new type of explosive shell, aircraft design changes and the big shell container program. Also lend lease requirements are heavy.

"Plate output for April is expected to prove to be just short of 1,200,000 tons, nearly as high as the record of March which was approximately 1,220,000 tons. However, the Maritime Commission is now asking for 100,000 tons more plates in the third quarter than it had previously indicated, making the total plate demand for Maritime about 1,200,000 for the quarter.

"The steel industry last week hammered at union contentions in the steel wage case, particularly against the union cost-of-living claims. Leaders like Irving S. Olds and E. G. Grace emphasized the importance of the case, not only for the steel industry but for the entire public.

"Donald M. Nelson, head of WPB, stated last week that 5,300 farm tractors now are being produced weekly, double 1943 weekly output, and that the making of repair parts is up 167%.

"The uniform steel price escalator clause put out by the WPB Procurement Policy Board on March 1 has been withdrawn at the insistence of the steel industry, WPB officials say."

The American Iron and Steel Institute on May 1 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 99.5% of capacity for the week beginning May 1, compared with 100.0% one week ago, 99.5% one month ago and 98.2% one year ago. The operating rate for the week beginning May 1 is equivalent to 1,782,300 tons of steel ingots and castings, compared to 1,791,300 tons one week ago (the highest level ever reached), 1,782,300 tons one month ago, and 1,700,500 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on May 1 stated in part as follows:

"Expecting a midsummer cut in steel production as a result of hot weather influence, aggravated by probable loss of considerable manpower by the draft, War Production Board is preparing to limit steel allocations for claimant agencies of the government for third quarter.

"These agencies, under Controlled Materials Plan, are preparing requests for tonnage for that period with likelihood allotments will be made within about two weeks. This should tend to clarify various trends and as a number of producers already are well booked for that period some revision of schedules undoubtedly will result.

"Requests of the various agencies will be closely scrutinized as demands are expected to continue heavy and production in third quarter may taper, some conservative observers predicting a drop of 7% or 8%. Last year at this time there were trade predictions of a third quarter drop in output which failed to materialize, but the manpower factor was not in evidence then.

"Plate production in April was at a rate that causes some observers to expect a new record, exceeding the all-time high of March, in spite of the shorter month. Maritime Commission is asking funds for construction of 2,359 merchant ships, including tankers and C-type ships, for delivery in 1945 mainly, with some in 1946. Expectation is that the request will be granted.

"Deliveries continue much deferred and are pushing further forward in practically all products.

"Pig iron output in March set a new all-time high with 5,434,240 net tons, exceeding the prior peak made in October, 1943, by 110,502 tons. First quarter total this year was 15,838,717 tons, compared with 15,290,952 tons in the corresponding period in 1943.

"Tin plate quotas for third quarter are expected about May 10 and meanwhile producers have been advised to proceed on the assumption that they will be about the same as for second quarter, which totaled 825,000 tons."

Youth's Solution To Debt Problem

(Continued from first page)

low these bonds to be used at par for the payment of taxes and I should support them with a Federal sales tax, the income from which could be used to call bonds by lot at a premium of 10%. A small sales tax will easily give the government $3,300,000,000 a year which would repay the entire debt within 100 years. It is true that these bonds might at times sell at less than par; but—the fact that 3,000,000,000 would be called each year by lot at 110—should hold prices pretty close to par. This means that taxes could be greatly reduced, inflation avoided and everyone could receive par for his bonds plus as much interest as the big banks of New York are now paying depositors."

Do not quote me as making any of these recommendations. I merely give these illustrations to show how modern youth is thinking and to urge readers to give more attention to the "crazy" ideas of our young people. They are the ones that will determine what will happen to the national debt and to every stock and bond. I do not say that youths have better judgment than their parents; nor that they are less likely to change their minds. All I say is that our returning service men should be better able to forecast the future.

What About Russia?

Many people worry as to what extent the Russian shadow is to fall upon this country, especially during the next depression. They see Russia becoming such a world power that they fear she will Russianize Europe and England and that the effects of this will ultimately be felt in America. This certainly seems reasonable; but a 22 year old flier, returned from delivering airplanes to Russia, said to me: "Don't worry about Russia. She will have her own post-war troubles. Sixteen Russian generals are already planning to get Stalin's berth."

Moody's Daily Commodity Index

Tuesday, April 25, 1944	249.9
Wednesday, April 26	249.8
Thursday, April 27	249.7
Friday, April 28	249.5
Saturday, April 29	249.5
Monday, May 1	249.4
Tuesday, May 2	249.5
Two weeks ago, April 18	249.6
Month ago, April 1	249.9
Year ago, May 1	245.8
1943 High, April 1	249.8
Low, Jan. 2	240.2
1944 High, March 17	251.5
Low, Jan. 5	247.0

Market Value Of Bonds On N. Y. Stock Exchange

As of the close of business March 31, there were 1,087 bond issues aggregating $95,408,673,237 par value listed on the New York Stock Exchange with a total market value of $95,713,288,544. This compares with 1,092 bond issues, aggregating $96,631,760,238 par value with a total market value of $96,837,573,171 on Feb. 29.

In the following table listed bonds are classified by governmental and industrial groups with the aggregate market value and average price for each:

Group—	Mar. 31, 1944 Market Value $	Mar. 31, 1944 Average Price $	Feb. 29, 1944 Market Value $	Feb. 29, 1944 Average Price $
U. S. Government (incl. N. Y. State, Cities, etc.)	78,826,477,692	103.25	80,045,819,626	103.27
U. S. companies:				
Automobile	7,790,000	102.50	7,790,000	102.50
Building	13,334,250	101.79	13,322,375	101.70
Business and office equipment	15,750,000	105.00	15,750,000	105.00
Chemical	47,164,125	102.75	47,251,250	102.94
Electrical equipment	35,878,125	102.51	35,975,000	102.79
Financial	53,631,746	102.87	53,768,681	103.13
Food	266,973,139	106.28	266,763,922	105.83
Land and realty	11,825,001	89.87	11,712,303	89.01
Machinery and metals	36,252,510	102.32	36,186,967	102.13
Mining (excluding iron)	91,853,572	70.31	90,368,421	67.53
Paper and publishing	33,491,304	103.12	33,674,271	103.68
Petroleum	628,668,846	103.77	586,690,199	103.68
Railroad	7,958,198,086	81.72	7,918,110,121	80.72
Retail merchandising	12,844,891	93.10	12,694,050	91.93
Rubber	70,950,188	104.56	70,439,088	102.58
Shipping services	22,274,715	86.44	21,425,509	83.15
Steel, iron and coke	482,665,623	102.49	483,997,310	102.33
Textiles	36,531,250	104.38	37,825,438	104.39
Tobacco	173,147,918	105.60	173,613,178	105.88
Utilities:				
Gas and electric (operating)	3,268,154,491	108.52	3,268,285,800	108.47
Gas and electric (holding)	59,603,500	106.48	59,380,000	106.04
Communications	1,174,725,874	111.47	1,182,036,106	111.29
Miscellaneous utilities	103,307,760	71.50	106,393,105	73.64
U. S. companies oper. abroad	140,850,805	79.36	139,177,560	78.42
Miscellaneous businesses	31,204,563	105.67	31,183,313	105.60
Total U. S. companies	14,777,072,282	91.07	14,703,813,967	90.35
Foreign government	1,357,832,984	67.58	1,335,120,611	66.11
Foreign companies	751,905,586	91.18	752,818,967	91.20
All listed bonds	95,713,288,544	100.32	96,837,573,171	100.21

The following table, compiled by us, gives a two-year comparison of the total market value and the total average price of bonds listed on the Exchange:

1942—	Market Value $	Average Price $	1943—	Market Value $	Average Price $
Mar. 31	58,140,382,211	95.97	Apr. 30	71,857,596,488	98.69
Apr. 30	57,923,553,616	95.63	May 29	81,048,543,830	99.47
May 29	59,257,509,674	95.64	June 30	80,704,321,646	99.64
June 30	59,112,072,945	95.50	July 31	80,352,221,151	99.35
July 31	61,277,620,583	95.76	Aug. 31	80,109,269,964	99.23
Aug. 31	62,720,371,752	96.08	Sept. 30	80,149,558,292	99.37
Sept. 30	62,765,776,218	96.18	Oct. 30	90,501,768,934	99.45
Oct. 31	64,843,877,284	96.48	Nov. 30	90,076,888,558	99.02
Nov. 30	64,543,971,299	96.11	Dec. 31	90,274,071,634	99.38
Dec. 31	70,583,644,622	96.70	1944—		
1943—			Jan. 31	90,544,387,232	99.78
Jan. 30	71,038,674,932	97.47	Feb. 29	96,837,573,171	100.21
Feb. 27	71,346,452,852	97.79	Mar. 31	95,713,288,544	100.32
Mar. 31	71,575,183,604	98.24			

Cottonseed Receipts To March 31

On April 13, the Bureau of Census issued the following statement showing cottonseed received, crushed, and on hand, and cottonseed products manufactured, shipped out, on hand, and exported for the eight months ended March 31, 1944 and 1943.

COTTONSEED RECEIVED, CRUSHED, AND ON HAND (TONS)

State—	*Received at mills Aug. 1 to Mar. 31 1944	1943	Crushed Aug. 1 to Mar. 31 1944	1943	On hand at mills Mar. 31 1944	1943
United States	3,866,542	4,396,119	3,505,664	3,987,008	449,654	481,142
Alabama	258,240	251,996	237,900	234,995	22,525	20,334
Arizona	58,446	79,793	50,651	66,639	7,798	13,545
Arkansas	373,392	467,418	323,081	394,665	59,894	84,574
California	125,197	153,076	104,761	113,129	27,332	41,122
Georgia	349,509	333,218	309,649	322,095	42,098	15,180
Louisiana	197,005	164,052	192,979	161,643	4,569	3,153
Mississippi	702,820	736,165	599,468	637,168	114,892	105,238
North Carolina	221,837	265,862	205,851	247,781	17,051	19,738
Oklahoma	110,034	218,153	105,564	218,057	6,262	4,560
South Carolina	192,778	200,641	183,715	194,003	11,656	6,585
Tennessee	275,024	376,790	247,345	321,379	30,945	64,598
Texas	898,650	1,004,688	852,572	960,253	90,747	77,390
All other states	103,610	144,267	92,128	115,201	13,885	25,125

*Includes 1,560 and 9,897 tons destroyed at mills but not 90,336 and 81,928 tons on hand Aug. 1 nor 41,222 and 45,181 tons reshipped for 1944 and 1943 respectively.

COTTONSEED PRODUCTS MANUFACTURED, SHIPPED OUT, AND ON HAND

Item—	Season	On hand Aug. 1	Produced Aug. 1 to Mar. 31	Shipped out Aug. 1 to Mar. 31	On hand Mar. 31
Crude oil	1943-44	*23,283	1,090,724	1,063,776	*113,470
(thousand pounds)	1942-43	34,460	1,235,804	1,213,794	117,769
Refined oil	1943-44	†207,409	‡941,056	------	†361,285
(thousand pounds)	1942-43	310,191	1,058,769	------	321,577
Cake and meal	1943-44	18,542	1,625,283	1,579,995	63,830
(tons)	1942-43	190,100	1,763,723	1,914,291	39,532
Hulls	1943-44	11,964	818,516	808,765	21,715
(tons)	1942-43	44,118	962,345	980,345	26,118
Linters	1943-44	135,927	§1,047,230	922,414	§260,743
(running bales)	1942-43	43,295	1,199,207	940,164	302,338
Hull fiber	1943-44	556	18,274	18,082	748
(500-lb. bales)	1942-43	229	27,776	26,917	1,088
Grabbots, motes, &c.	1943-44	14,106	40,769	35,288	19,587
(500-lb. bales)	1942-43	23,644	54,070	48,775	28,939

*Includes 13,826,000 and 70,586,000 pounds held by refining and manufacturing establishments and 3,150,000 and 9,629,000 pounds in transit to refiners and consumers Aug. 1, 1943 and March 31, 1944 respectively.

†Includes 3,196,000 and 10,964,000 pounds held by refiners, brokers, agents, and warehousemen at places other than refineries and manufacturing establishments and 3,734,000 and 1,255,000 pounds in transit to manufacturers of shortening, soap, etc., Aug. 1, 1943 and March 31, 1944 respectively. Does not include winterized oil.

‡Produced from 999,910,000 pounds of crude oil.

§Total linters produced includes 251,689 bales first cut, 721,298 bales second cut and 74,243 bales mill run. Total held includes 80,530 bales first cut, 153,053 bales second cut and 27,160 bales mill run.

Exports and Imports of Cottonseed Products

In the interest of national defense, the Department of Commerce has discontinued until further notice the publication of statistics concerning imports and exports.

Changes In Holdings Of Reacquired Stock Of N. Y. Stock & Curb Listed Firms

The monthly compilation of companies listed on the New York Stock Exchange reporting changes in their holdings of reacquired stock was made available on April 17. Following is the tabulation issued by the Exchange:

Company and Class of Stock—	Shares Previously Reported	Shares Per Latest Report	
Allied Stores Corporation, 5% preferred	6,212	8,612	
American Hide and Leather Co., 6% cum. cv. pfd.	1,100	1,800	
American Locomotive Co., 7% cum. pfd.	------	10,400	(3)
Associated Dry Goods Corp., 6% 1st pfd.	3,210	5,010	
Associates Investment Co., common	44,235	44,299	
5% cumulative preferred	140	180	
Atlas Corporation, common	68,381	38,122	(1)
Barker Bros., 5½% cum. pfd.	14,606	14,756	
Borden Company (The), capital	109,058	113,880	(2)
Bucyrus-Eric Company, preferred	12,835	12,838	
Century Ribbon Mills, Inc., preferred	195	295	
Cuban-American Sugar Co., (The), 7% preferred	11,263	11,283	
5½% convertible preferred	42,032	42,039	
Davega Stores Corporation, common	16,750	17,350	
5% cumulative preferred	100	200	
Electric Boat Co., capital	75,475	76,975	
Fruehauf Trailer Co., 5% convertible preferred	890	------	
Gardner-Denver Co., preferred	------	1,316	
General American Transportation Corp., common	3,513	------	
General Motors Corp., common	876,412	885,412	
General Realty & Utilities Corp., preferred	------	1,000	
Gotham Hosiery Co., Inc., common	54,809	49,484	
Hat Corporation of America, preferred	2,890	3,260	
Lehman Corporation (The), common	33,300	33,500	
Macy (R. H.) & Co., Inc., common	3,872	3,939	
Madison Square Garden Corp., capital	31,300	34,200	
Mead Corporation (The), $5.50 series B	3,587	3,657	
National Cylinder Gas Co., common	------	242	
National Department Stores Corp., 6% preferred	10,384	10,458	
Newport News Shipbuilding & Dry Dock Co., $5 cum. convertible preferred	25,800	28,800	
Norfolk and Western Railway Co., adj. pfd.	8,467	9,007	
Plymouth Oil Co., capital	13,784	14,284	
Rustless Iron and Steel Corp., common	10	11	
Sheaffer (W. A.) Pen Co., common	2,745	2,637	
Sinclair Oil Corp., common	475,293	487,795	
Texas Company (The), capital	813,061	813,961	
White (The S. S.) Dental Mfg. Co., capital	1,442	1,422	

NOTES

(1) Acquired 14,308 shares; retired 44,567 shares.

(2) Issued 1,778 shares covering purchase of Shark Industries, Inc.; acquired 6,600 shares.

(3) 400 shares acquired in March, 1944, balance acquired in September, November and December, 1943 and January and February, 1944.

The New York Curb Exchange has made available the following list of issuers of fully listed securities which have reported changes in their holdings of reacquired stock:

Company and Class of Stock—	Shares Previously Reported	Shares Per Latest Report
Aero Supply Mfg. Co., Inc., class B	12,660	10,560
American General Corp., common	385,416	385,436
American Writing Paper Corp., common	42,362	43,762
Carman & Co., Inc., class A	2,059	1,222
Class B	1,985	285
Crown Central Petroleum Corp., common	593	595
Esquire, Inc., capital	36,863	37,763
Fuller (George A.) Co., 4% convertible preferred	7,189	9,509
Gellman Manufacturing Co., common	12,555	12,655
General Finance Corp., 5% A preferred	55,364	41,086
Hearn Department Stores, Inc., 6% pfd.	24,824	25,044
Henry Holt & Co., Inc., participating A	20,884	------
Knott Corporation, common	10,834	11,385
Merritt-Chapman & Scott Corp., 6½% A preferred	980	1,205
Midland Oil Corp., $2 convertible preferred	11,045	11,445
Mock, Judson, Voehringer Co., Inc., common	21,357	22,793
North Central Texas Oil Co., Inc., common	33,200	49,200
Oilstocks Limited, capital	2,784	3,184
Schulte (D. A.) Inc., common	26,474	11,468
Convertible preferred	5	9
Sunray Oil Corp., 5½% convertible preferred	1,478	2,026
Trunz, Inc., common	18,564	18,864
United Cigar-Whelan Stores Corp., common	12,228	12,232
United Profit-Sharing Corp., 10% preferred	1,050	1,250
Utility Equities Corp., $5.50 div. pr. stock	11,500	11,575

March Civil Engineering Construction 19% Above Month Ago

Civil engineering construction volume in continental U. S. totals $175,726,000 for the five weeks of March, an average of $35,145,000 per week. This average volume, not including construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 19% higher than the average for the four weeks of February, but 54% below the average for the four weeks of March, 1943, as reported to **Engineering News-Record** and made public on April 7. The report added in part:

Private work, on the weekly average basis, tops a month ago by 25%, and is 20% above a year ago. Public construction is up 17% compared with last month, but declines 62% from last year. State and municipal work is 101 and 21% higher, respectively, than in the preceding month and the 1943 month. Federal work gains 10% over February, 1944, but is 66% below March, 1943.

Civil engineering construction volumes for the 1943 month, last month, and the current month are:

	March, 1943 (four weeks)	Feb., 1944 (four weeks)	March, 1944 (five weeks)
Total U. S. construction	$305,973,000	$117,878,000	$175,726,000
Private construction	29,983,000	28,875,000	45,109,000
Public construction	275,990,000	89,003,000	130,617,000
State and municipal	12,282,000	7,427,000	18,643,000
Federal	263,708,000	81,576,000	111,974,000

The March construction volume brings the 1944 three-month total to $450,122,000 for the thirteen weeks of this period. This is 50% under the $839,041,000 reported for the twelve-week, three-month period in 1943. Private construction, $98,340,000, is 11% higher than a year ago, but public construction, $351,782,000, is 57% lower than in the period last year, as a result of the 60% decrease in Federal volume. State and municipal work is 7% above the total for the opening three months of 1943.

New Capital

New capital for construction purposes for March totals $22,837,000, a volume 61% lower than in the 1943 month. Private investment makes up $20,872,000 of the total and the balance is in Federal funds for non-Federal work.

The March volume brings 1944 new construction financing to $181,638,000 for the 13 weeks of the year, a figure that compares with $62,718,000 for the opening 12 weeks of 1943.

From Washington Ahead Of The News

(Continued from first page)

to property rights ought to be enough to jar them out of this temporary disgruntlement. The New Dealers have thrived on keeping the proletariat stirred up, and now are faced with their contentment over high wages in war plants and with whatever emotion they do have, being one of disgruntlement over paying taxes. The thing to do is to incite them again against the "interests." This was what the Battle of Montgomery Ward was designed to do.

If there is any doubt that it originated in such New Deal thinking, a happening here March 6, 1942, is revealing. That night the New Republic gave a pep party to celebrate 10 years of the New Deal. The host, Michael Straight, of the New Republic, declared in ringing tones:

"The New Deal is more dynamic than fascism and more revolutionary than communism."

But more important is that the guest of honor, that militant generalissimo, Francis Biddle, urged the gathering to keep up the "political fight."

"Hold the political trench," he cried, "because the opposition is going to fight whether you do or not."

He said he was aware that such a view might be considered "anathema" in wartime, but nevertheless the fight was necessary.

At the meeting also were Justice Hugo Black and Sidney Hillman, then wartime labor czar of the War Production Board, and now significantly enough, inasmuch as it is a CIO union which the Government is supporting at Montgomery Ward, the head of the CIO Political Action Committee which is the bellwether of the Fourth Term campaign.

So, if the reaction against this episode is not pretty severe, and if it is, we may expect many other such incitements as the campaign moves on. There will be those around Mr. Roosevelt to argue that the indignation comes from people who are against him anyhow, and therefore, he might as well go the whole route towards inciting the masses. It is our impression that he is making the same mistake Mr. Hoover did, that in trying to arrest a tide he is only adding to it.

The thing the New Dealers do not apparently realize is that in their zeal to play ball with CIO labor leaders, they are in many instances directly abusing the workers from whom they hope to get support. This is the case at Montgomery Ward. There was no question of wages or working conditions involved. The question was one of renewing a closed shop contract with the union by which the employer then collected dues from the workers for the union. There is very good reason to doubt also that the union even has a majority of the membership, not because Sewell Avery says it doesn't, but because for the past several months the National Labor Relations Board has failed to order an election to determine whether it has or not. The record of the board is that it holds an election only when it has good reason to believe the union will win. It would not hold one in this case; it does not seem to be anxious to do so even now when the spotlight is being focused on its dereliction.

A tremendous percentage of CIO workers, the overwhelming majority of them, are new workers with no background in unionism. They aren't schooled in the necessity of their being thrown out of work for several days in order to keep an organization intact, even though they may otherwise accept the organization. And it is very doubtful if they will appreciate a Government that is party to it.

Civil Engineering Construction $26,737,000 For Week

Civil engineering construction volume in continental United States totals $26,737,000 for the week. This volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 48% below the total for the preceding week, 43% under that reported to "Engineering News-Record" for the corresponding 1943 week, and 24% lower than the $35,010,000 average for the 17 weeks of 1944. The report made public on April 27 continued as follows:

Private construction is 3% above last week and 77% above a year ago. Public work, however, is 57 and 56% lower, respectively, than in the previous week and the 1943 week, due to the lower Federal total.

The current week's construction brings 1944 volume to $595,162,000 for the 17 weeks, a decrease of 51% from the $1,218,109,000 reported a year ago. Private construction, $125,989,000, is 1% lower, and public work, $469,173,000, is down 57% as a result of the 4% decline in State and municipal and the 60% drop in Federal.

Civil engineering construction volumes for the 1943 week, last week, and the current week are:

	Apr. 29, '43	Apr. 20, '44	Apr. 27, '44
Total U. S. construction	$47,100,000	$51,425,000	$26,737,000
Private construction	4,605,000	7,939,000	8,169,000
Public construction	42,495,000	43,486,000	18,568,000
State and municipal	5,306,000	6,454,000	8,492,000
Federal	37,189,000	37,032,000	10,076,000

In the classified construction groups, gains over last week are in sewerage, industrial buildings and streets and roads. Increases over the 1943 week are in sewerage, industrial and commercial buildings, and streets and roads. Subtotals for the week in each class of construction are: waterworks, $474,000; sewerage, $783,000; bridges, $120,000; industrial buildings, $2,884,000; commercial building and large-scale private housing, $4,776,000; public buildings, $5,846,000; earthwork and drainage, $192,000; streets and roads, $8,574,000; and unclassified construction, $3,088,000.

New capital for construction purposes for the week totals $997,000, and is made up of $397,000 in State and municipal bond sales, and $600,000 in corporate security issues. New construction financing for the year to date, $365,635,000, is 24% below the $479,279,000 reported for the 17-week 1943 period.

Non-Ferrous Metals—Zinc Demand Off—Lead Shipments Increased — Quicksilver Declines

"E. & M. J. Metal and Mineral Markets," in its issue of April 27, stated: "The period for placing business in zinc for May delivery arrived last week, and a good tonnage was sold. Demand, however, appeared to be smaller than a month ago. Copper producers were busy concluding one of the most active single month's business on record. Lend-Lease business in copper, not included in the regular statistics, figured in total shipments for April. Quicksilver was lower in a quiet market, the price declining to $125 per flask, a drop of $5. Officials in Washington confirmed that delivery of 100,000,000 lb. of Canadian aluminum has been deferred to 1945." "The publication further went on to say in part as follows:

Copper

The copper industry is just about convinced that deliveries for the month of April will compare favorably with those of record and near-record periods. Shipments to consumers have been substantial, and it is believed that the stockpile was reduced moderately during the month.

Consumption of copper by the brass and wire mills during February amounted to 143,739 tons, against 152,623 tons in the same month last year, and 131,855 tons in February, 1944, and 131,562 tons in January of this year. according to figures circulated privately by that group.

Fabricators' (brass and wire mills) stocks of refined copper at the end of March amounted to 328,957 tons, against 316,609 tons a month previous and 399,947 tons a year ago.

Advices from Chile report that the authorities hope to modify the existing contracts covering the sale of copper to the United States so that increased supplies can be shipped directly to other South American countries in need of the metal.

Lead

The Tin-Lead Division of WPB alloted a good tonnage of foreign lead for delivery in May to supplement domestic shipments, the total involved amounting to about 16,000 tons. In the event that deliveries for May by domestic refiners do not exceed 50,000 tons total deliveries will exceed 65,000 tons. Sales of lead by the domestic industry during the last week amounted to 3,040 tons, against 13,353 tons in the preceding week.

Zinc

Business in zinc improved last week, in line with expectations, and a substantial part of requirements for May was purchased by consumers. The volume for May, based on the sales record to date, promises to be somewhat smaller than that for April. Consumers it will be recalled, purchased a fairly large quantity of zinc for April delivery that really will not be needed until May. At present, consumers appear to be less disposed to anticipate their wants.

Aluminum

Philip D. Wilson, head of the Aluminum - Magnesium Division, WPB, last week informed Representative Angell (Oregon) that the Metals Reserve Co. had deferred, until 1945, delivery of 100,000,000 lb. of aluminum scheduled for delivery this year by the Aluminum Co. of Canada. Mr. Wilson added that 531,000,000 lb, of aluminum contracted for from the Canadian producer remained to be delivered. Of this quantity, 311,000,000 lb. would be delivered during 1944 and 220,000,000 lb. in 1945.

Mr. Wilson reminded those who asked that domestic production of aluminum be maintained and imports curtailed that the contract with the Canadians required that six months' notice of cancellation must be given.

Tin

A strike was called by the miners' union at the Bolivian tin properties to protest writs freeing former government officials held in connection with the December 1942 disorders at Catavi, according to press advices dated April 20. Censorship tends to obscure later developments, but the officials have been returned to confinement and it is believed that the miners have returned to work. So far this year, exports of Bolivian tin concentrates have been maintained at a steady rate.

The price situation in tin here remains unchanged. Straits quality tin for shipment, in cents per pound, was nominally as follows:

	April	May	June
April 20	52.000	52.000	52.000
April 21	52.000	52.000	52.000
April 22	52.000	52.000	52.000
April 24	52.000	52.000	52.000
April 25	52.000	52.000	52.000
April 26	52.000	52.000	52.000

Chinese, or 99% tin, continued at 51.125c. all week.

Quicksilver

Demand for quicksilver continues quiet, and reports of price shading persist, particularly on business involving nearby metal Small lots for spot delivery sold at $130 per flask, but on quantities of 25 flasks or more there were sellers at $125 New York. Effective April 20, our quotations became established at $125@$130 per flask.

Some producers believe that the statistical situation is gradually ages will further reduce output improving and manpower shortover the remainder of the year. Except for this situation offerings at lower levels would be larger, market observers claim.

Silver

Industrial consumption of silver in the United States amounted to 28,178,000 oz. during the last quarter of 1943, making the total for the year 117,894,000 oz., according to the miscellaneous Minerals Division, WPB.

The London market for silver was quiet and unchanged at 23½d. throughout the last week. The New York Official for foreign silver continued at 44¾c., with foreign silver at 70⅝c.

Daily Prices

The daily price of electrolytic copper (domestic and export refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" of July 31, 1942, page 380.

Thirtieth National Foreign Trade Convention Stresses Restoration Of Private Enterprise

In his introduction to the official report of the proceedings of the 30th National Foreign Trade Convention, which has just been published, Eugene P. Thomas, President of the National Foreign Trade Council, refers to the Reciprocal Trade Agreements Act as "a turning point in America's foreign commercial policy—a policy that aimed at doing for the world in general what the statesmen of 1919 failed to accomplish." It is against this background of a liberalized tariff policy, he says, that the convention proceedings should be read, as "an elucidation of the many aspects of the post-war reconstruction problem and a searching examination into the economic and commercial foundations of a lasting peace.

"We cannot continue," Mr. Thomas says, "to ship abroad annually goods far in excess of our imports if we hope to expand this trade in the future. The remedy suggested by some of our competitors, that a curb be placed on our export trade is equally incongruous. The solution of our employment problem will require a great expansion of our peacetime productive capacity and a greatly extended market for our surplus products. There are two ways by which this may be attained, by expansion of the domestic market, and by expansion of the world economy." Mr. Thomas goes on to say:

"If we are to play a constructive role in a reconstruction program that aims at the expansion of the world economy, we must have regard for our export trade not only as necessary to our employment plans, but as a means of aiding other countries to build on more secure foundations their domestic economies. The vast territories in backward and undeveloped countries—apart from the needs of more advanced countries left in ruins by the war—will provide trade and employment for years to come for nations that now fear the unleashing of America's competitive power in post-war years.

"Since the convention met there has been a revival of proposals for closer economic integration of adjoining countries. The proposed extension of customs unions in South America and the creation in Russia of 16 Soviet sovereign nations within the Soviet Union are indications of changes to which the future policy of the United States must be adapted.

"There is also the more serious proposal by the British imperialist wing looking to the political and economic integration of the British Empire, by which the Dominions and all component parts would in future be in entire unison on foreign policy and defense. This is a type of regionalism which would perpetuate some of the worst features of imperialism and isolate Canada and the Empire from the Western Hemisphere. That it has been condemned by the Canadian Government as impractical and subversive of Dominion sovereign status is not astonishing. That it receives the endorsement of the South African Prime Minister, and has been launched, apparently, with the knowledge, if not the explicit approval, of the British Government, must cause concern to those who looked to the joint leadership of the United States and the British Commonwealth in post-war reconstruction of international trade relations.

"Running through all the proceedings of the convention was the emphasis placed on the restoration of private enterprise as indispensable to the future progress of the United States. It may be necessary to define more clearly in the future the line of demarcation between private and government business, having regard to intergovernmental control of certain commodities. We must expect also to witness in some countries the continuance of government purchasing agencies. It was the feeling of the convention that the American way of trade through private enterprise should not be jeopardized by any undue prolongation of wartime bureaucratic controls.

"The final declaration of the convention, reflecting the unanimous views of the delegates, is a document of the highest importance as an indication to other countries of American thought respecting the problems of reconstruction. It recognizes that changes must come that mark a new era in world relations and a break with 19th century thought no longer applicable to conditions in the world of today. It emphasizes revolutionary as distinct from revolutionary advancement and aims at salvaging from the passing era the unchanging principles and practices that lie at the roots of individual freedom and prosperity."

Cut Newsprint Use To Aid Wartime Conservation

Daily newspapers throughout the country have reduced materially their use of newsprint paper as their contribution to the necessary war-time conservation of all kinds of paper, it was stated in the New York "Times" of April 15, in which it was reported that the American Newspaper Publishers Association announced on April 14 that its members had made known a total newsprint consumption last month of 201,708 tons, compared with 237,111 tons in March, 1943, and 258,518 tons in March, 1941. From the "Times" we also quote:

"During the first three months this year the reporting newspapers used 578,885 tons of newsprint, a decrease of 13.9% under the first three months of 1943, and a decrease of 18.2% under the same period in 1941."

Treasury Offers ⅞% Certificates For Issue Maturing May 1

Secretary of the Treasury Morgenthau announced on April 23 an offering, through the Federal Reserve Banks, of ⅞% Treasury Certificates of Indebtedness of Series D-1945, open on an exchange basis, par for par, to holders of Treasury Certificates of Indebtedness of Series C-1944, maturing May 1, 1944. It was announced that cash subscriptions would not be received. It was made known by Mr. Morgenthau on April 24 that the subscription books for the new offering would close at the close of business April 26. The April 24 announcement also said:

"Subscriptions addressed to a Federal Reserve Bank or Branch, or to the Treasury Department, and placed in the mail before 12 o'clock midnight, Wednesday, April 26, will be considered as having been entered before the close of the subscription books.

"Announcement of the amount of subscriptions and their division among the several Federal Reserve Districts will be made later."

In announcing the new offering on April 23, Secretary Morgenthau stated:

"The certificates now offered will be dated May 1, 1944, and will bear interest from that date at the rate of ⅞ of 1% per annum, payable semi-annually on November 1, 1944, and May 1, 1945. They will be issued in bearer form only, with two interest coupons attached, in denominations of $1,000, $5,000, $10,000, $100,000 and $1,000,000.

"Pursuant to the provisions of the Public Debt Act of 1941, interest upon the certificates now offered shall not have any exemption, as such, under Federal Acts now or hereafter enacted. The full provisions relating to taxability are set forth in the official circular released today.

"Subscriptions will be received at the Federal Reserve Banks and Branches and at the Treasury Department, Washington, and should be accompanied by a like amount of the maturing certificates. Subject to the usual reservations, all subscriptions will be allotted in full.

"There are now outstanding $1,655,203,000 of the Series C-1944 certificates."

March War Expenditures

War expenditures by the United States Government amounted to $7,948,000,000 in March, an increase of $140,000,000 or 1.8% over the previous high of $7,808,000,000 expended in February, 1944, according to a report issued on April 14 by the War Production Board, which also said:

"The average daily rate of expenditures for war purposes in March was $294,400,000, a decrease of 5.7% from the daily rate of $312,300,000 in February. The daily rate is based on the 27 days in March and the 25 days in February upon which checks were cleared by the Treasury.

"War expenditures for the first quarter of 1944 averaged $7,724,000,000 per month, an increase of 6.1% over the monthly average of $7,283,000,000 for the fourth quarter of 1943. The increase in the average daily rate was also 6.1% since checks were cleared on 78 days in each quarter.

"From July 1, 1940, through March 31, 1944, United States expenditures for war purposes amounted to $176,500,000,000.

These figures include checks cleared by the Treasury and payable from war appropriations and net outlays of the Reconstruction Finance Corporation and its subsidiaries.

Weekly Coal And Coke Production Statistics

The Solid Fuels Administration for War, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended April 22, 1944 is emtiated at 12,250,000 net tons, an increase of 500,000 tons, or 4.3%, over the preceding week. Output in the corresponding week of 1943 amounted to 11,647,000 tons. Cumulative production of soft coal from Jan. 1 to April 22, 1944 totaled 198,325,000 tons, as compared with 193,218,000 tons in the same period last year, or an increase of 2.6%.

According to the United States Bureau of Mines, production of Pennsylvania anthracite for the week ended April 22, 1944 was estimated at 1,322,000 tons, an increase of 114,000 tons (9.4%) over the preceding week. When compared with the output in the corresponding week of 1943, there was an increase of 213,000 tons, or 19.2%. The calendar year to date shows an increase of 2.6% when compared with the same period of 1943.

The Bureau of Mines also reported that the estimated production of beehive coke in the United States for the week ended April 22, 1944 showd an increase of 2,500 tons when compared with the output for the week ended April 15, 1944; but was 20,700 tons less than for the corresponding week of 1943. Production for the 113 days ended April 22, 1944 was 147,800 tons below that for the same period of last year.

ESTIMATED UNITED STATES PRODUCTION OF COAL, IN NET TONS

	Week Ended			January 1 to Date		
Bituminous coal and lignite—	April 22, 1944	*April 15, 1944	April 24, 1943	†April 22, 1944	April 24, 1943	April 24. 1937
Total, incl. mine fuel	12.250,000	11,750,000	11,647,000	198,325,000	193,218,000	155,828,000
Daily average	2,042,000	1,958,000	1,941,000	2,059,000	2,002,000	1,622,000

*Revised. †Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

	Week Ended			Calendar Year to Date		
Penn. anthracite—	‡April 22, 1944	§April 15, 1944	April 24, 1943	April 22, 1944	April 24, 1943	April 27, 1929
*Total incl. coll. fuel	1,322,000	1,208,000	1,109,000	20,341,000	19,832,000	23,918,000
†Commercial produc.	1,269,000	1,160,000	1,065,000	19,529,000	19,039,000	22,196,000
Beehive coke—						
United States total	146,400	143,900	167,100	2,466,200	2,614,000	2,022,300

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Subject to revision. §Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

(In Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended			
State—	April 15, 1944	April 8, 1944	April 17, 1943	April 17, 1937
Alabama	392,000	392,000	358,000	22,000
Alaska	6,000	5,000	6,000	3,000
Arkansas and Oklahoma	83,000	90,000	65,000	5,000
Colorado	150,000	170,000	137,000	55,000
Georgia and North Carolina	1,000	1,000	1,000	*
Illinois	1,430,000	1,507,000	1,462,000	513,000
Indiana	476,000	536,000	496,000	175,000
Iowa	38,000	50,000	58,000	22,000
Kansas and Missouri	158,000	187,000	170,000	35,000
Kentucky—Eastern	930,000	940,000	935,000	720,000
Kentucky—Western	352,000	342,000	319,000	75,000
Maryland	38,000	40,000	39,000	22,000
Michigan	5,000	2,000	2,000	3,000
Montana (bitum. & lignite)	90,000	90,000	88,000	29,000
New Mexico	32,000	40,000	36,000	30,000
North & South Dakota (lignite)	36,000	43,000	23,000	20,000
Ohio	636,000	635,000	644,000	296,000
Pennsylvania (bituminous)	2,885,000	2,922,000	2,835,000	1,918,000
Tennessee	148,000	142,000	149,000	47,000
Texas (bituminous & lignite)	3,000	4,000	2,000	16,000
Utah	120,000	125,000	120,000	36,000
Virginia	388,000	379,000	406,000	165,000
Washington	28,000	30,000	33,000	26,000
†West Virginia—Southern	2,113,000	2,130,000	2,360,000	1,560,000
‡West Virginia—Northern	1,040,000	1,040,000	902,000	525,000
Wyoming	171,000	177,000	172,000	62,000
§Other Western States	1,000	1,000	*	*
Total bituminous & lignite	11,750,000	12,020,000	11,818,000	6,380,000
¶Pennsylvania anthracite	1,208,000	1,128,000	1,335,000	1,653,000
Total, all coal	12,958,000	13,148,000	13,153,000	8,033,000

†Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason and Clay counties. ‡Rest of State, including the Panhandle District and Grant, Mineral and Tucker counties. §Includes Arizona, California, Idaho, Nevada and Oregon. ¶Data for Pennsylvania anthracite from published records of the Bureau of Mines. *Less than 1,000 tons.

Wholesale Commodity Index Declines 0.2% In Week Ended April 22, Labor Dept. Reports

With weaker markets for certain agricultural commodities, principally rye, cotton, hogs, sheep, apples, and onions, commodity prices in primary markets dropped 0.2% during the week ended April 22. This was indicated by the U. S. Department of Labor on April 22, when it said, "the decline brought the Bureau of Labor Statistics' all-commodity index of nearly 900 price series to 103.6% of the 1926 average. The general level of prices for these commodities is slightly below the corresponding week of March and 0.2% higher than late in April a year ago."

From the announcement we also quote:

"Farm Products and Foods—Led by decreases of over 2% for cottons and hogs and 1.5% for rye, and a sharp decline in prices for onions brought about by an improved supply situation, average market prices for farm products dropped 1.3% during the week. Egg prices continued to rise more than seasonally with increased demand for fancy grades for sale to the Army. Higher prices were also reported for citrus fruits and for white potatoes in the Chicago and New York markets.

"Food prices in primary markets fell 0.6% as a result of lower quotations for fresh pork, rye flour, apples and onions. Average prices for the foods included in the Bureau's index are nearly 4% lower than at this time last year.

"Industrial Commodities—Prices for most industrial commodities continued steady. Minor increases were reported in prices of anthracite and common brick in some areas. Quotations for rosin and turpentine declined."

The Department's announcement also contains the following notation:

Note—During the period of rapid changes caused by price controls, materials allocation, and rationing the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following tables show (1) index numbers for the principal groups of commodities for the past 3 weeks, for March 25, 1944 and April 24, 1943, and the percentage changes from a week ago, a month ago, and a year ago and (2) percentage changes in subgroup indexes from April 15 to April 22, 1944.

WHOLESALE PRICES FOR WEEK ENDED APRIL 22, 1944

(1926=100)

						Percentage change to April 22, 1944 from—		
Commodity Groups—	4-22 1944	4-15 1944	4-8 1944	3-25 1944	4-24 1943	4-15 1944	3-25 1944	4-24 1943
All commodities	*103.6	*103.8	*103.7	*103.7	103.4	—0.2	—0.1	+ 0.2
Farm products	*122.9	*124.5	*124.1	*124.6	123.9	—1.3	—1.4	— 0.8
Foods	104.4	105.0	105.0	104.5	108.5	—0.6	—0.1	— 3.8
Hides and leather products	117.6	117.6	117.6	117.5	118.4	0	+0.1	— 0.7
Textile products	97.3	97.3	97.3	97.3	96.9	0	0	+ 0.4
Fuel and lighting materials	*83.7	*83.6	*83.6	*83.6	81.1	+0.1	+0.1	+ 3.2
Metals and metal products	*103.8	*103.8	*103.8	*103.8	103.9	0	0	— 0.1
Building materials	114.6	114.7	114.7	114.6	110.2	—0.1	0	+ 4.0
Chemicals and allied products	105.4	105.4	105.4	100.4	100.1	0	+5.0	+ 5.3
Housefurnishing goods	106.0	106.0	105.9	105.9	104.2	0	+0.1	+ 1.7
Miscellaneous commodities	93.3	93.3	93.3	93.3	91.4	0	0	+ 2.1
Raw materials	*113.0	*113.9	*113.6	*114.0	112.5	—0.8	—0.9	+ 0.4
Semimanufactured articles	93.5	93.5	93.5	93.5	92.9	0	0	+ 0.6
Manufactured products	*100.9	*100.9	*100.9	*100.7	100.8	0	+0.2	+ 0.1
All commodities other than farm products	*99.4	*99.4	*99.4	*99.2	99.0	0	+0.2	+ 0.4
All commodities other than farm products and foods	*98.5	*98.5	*98.5	*98.3	96.8	0	+0.2	+ 1.8

*Preliminary.

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM APRIL 15, 1944 TO APRIL 22, 1944

Increases			
Anthracite	0.4	Other foods	0.1
Brick and tile	0.1	Other miscellaneous	0.1
Decreases			
Fruits and vegetables	3.8	Livestock and poultry	0.9
Other farm products	1.8	Grains	0.1
Paint and paint materials	0.1		

National Fertilizer Association Commodity Price Index Advances Fractionally

The weekly wholesale commodity price index, compiled by the National Fertilizer Association and made public on May 1, advanced fractionally to 137.0 in the week ending April 29 from 136.9 in the preceding week. A month ago this index stood at 137.0 and a year ago at 135.7, based on the 1935-1939 average as 100. The Association's report went on to say:

The slight increase in the general level of the all-commodity index was caused principally by higher prices in the farm products, foods, and textiles groups. Both the farm products and livestock index numbers reached the lowest level since January of this year. There were higher quotations on some cattle and lambs, but these price increases were not sufficient to offset the decline in hogs and eggs. The slight advance in rye was not sufficient to change the grains index number. The foods group advanced as higher prices were quoted for oranges and white potatoes. The textiles group again moved into higher ground as cotton quotations advanced slightly. All industrial commodities remained at the previous week's level with the exception of the farm machinery index which advanced fractionally.

During the week six price series in the index advanced and three declined; in the preceding week they were evenly balancd with three advances and three declines; and in the second preceding week they were also evenly balanced with four advances and four declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Apr. 29, 1944	Preceding Week Apr. 22, 1944	Month Ago Apr. 1, 1944	Year Ago May 1, 1943
25.3	Foods	138.6	138.4	137.8	139.9
	Fats and Oils	146.1	146.1	146.1	147.8
	Cottonseed Oil	159.6	159.6	159.6	159.0
23.0	Farm Products	155.5	156.0	156.4	153.8
	Cotton	200.5	198.9	200.6	201.0
	Grains	164.8	164.8	164.8	143.2
	Livestock	145.0	146.1	146.4	148.5
17.3	Fuels	130.1	130.1	130.1	122.2
10.8	Miscellaneous commodities	132.2	132.2	132.2	130.4
8.2	Textiles	152.2	152.0	152.2	151.3
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	152.4	152.4	152.4	152.2
1.3	Chemicals and drugs	127.7	127.7	127.7	126.6
.3	Fertilizer materials	117.7	117.7	117.7	117.9
.3	Fertilizers	119.7	119.7	119.7	119.8
.3	Farm machinery	104.3	104.2	104.2	104.1
100.0	All groups combined	137.0	136.9	137.0	135.7

*Indexes on 1926-1928 base were: April 29, 1944, 106.7; April 22, 106.6, and May 1, 1943, 105.7.

N. A. M. Seeks To Stimulate Preparations For Re-Employment Of Returning Servicemen

The National Association of Manufacturers, through its Committee on Veterans Employment Problems, seeks to stimulate maximum preparation by individual companies for reemployment of returning servicemen by nation-wide distribution of a comprehensive check-list covering all in-plant phases of the subject. In a special supplement to the NAM "News," the Association urged its more than 10,000 manufacturer members to consider all questions posed in the check-list, which also will be made available to the State and trade associations of the National Industrial Council which embraces more than 40,000 employers.

The NAM Committee on Veterans Employment unanimously passed a resolution urging "widest possible distribution of the check-list," it was indicated April 10 by the Association. Committee Chairman Harry L. Derby, President of the American Cyanamid and Chemical Corp., in announcing the action, said that "the major purposes of this check-list are to stimulate preliminary study and thorough analysis of the many in-plant, external, legal, social and human relations phases which go to make up this great problem."

It is added that the check-list was accompanied by the full text of Section 8 of the Selective Service Act to clarify for employers their obligations in re-employing veterans desiring to return to their old jobs.

Major headings of questions included in the check-list were:

1. Preliminary Preparations.
2. Employer's Legal Obligations.
3. Veteran's Legal Rights and Restrictions.
4. Seniority Problems.
5. Company Program for Veteran Employment.
6. Employment of Disabled and Handicapped Veterans.

Mr. Derby states: "Many diversified and complex factors enter into the subject of veteran employment—both now and when demobilization comes. In recognition of the great need for careful and sound planning by management on this important problem, the NAM Committee on Veteran's Employment Problems has undertaken to develop a check-list to guide industry in dealing with the placement of veterans in suitable jobs.

"The innumerable human and technical elements involved require a thoughtful and sound approach if employers are to establish an orderly, constructive and effective program of veteran employment.

"Realizing that industry is sincerely determined to exert every possible effort to place the greatest number of veterans in industrial jobs, we have prepared this list of key items in the hope that it will prove of practical assistance to employers in developing a clearly defined, sound company program to facilitate the hiring, placement and satisfactory adjustment of veterans in suitable jobs."

This check-list is intended solely for in-plant use by individual companies, and by the nature of the points it highlights, will serve to provoke the fullest consideration of ways and means by which industry may maximize veteran employment.

NYSE Short Interest Higher On Mar. 31

The New York Stock Exchange announced on April 12 that the short interest existing as of the close of business on the March 31 settlement date, as compiled from information obtained by the Exchange from its members and member firms, was 1,028,489 shares compared with 960,617 shares on Feb. 29, both totals excluding short positions carried in the odd-lot accounts of all odd-lot dealers. As of the March 31 settlement date, the total short interest in all odd-lot dealers accounts was 34,923 shares, compared with 34,322 shares on Feb. 29.

This announcement of the Exchange added:

Of the 1,243 individual stock issues listed on the Exchange on March 31, there were 51 issues in which a short interest of more than 5,000 shares existed, or in which a change in the short position of more than 2,000 shares occurred during the month.

The number of issues in which a short interest was reported as of March 31, exclusive of odd-lot dealers short positions, was 664 compared with 624 on Feb. 29.

In the following tabulation is shown the short interest existing at the close of the last business day for the last 12 months:

1943—	Shares
Mar. 31	774,871
April 30	882,376
May 28	980,047
June 30	879,575
July 30	836,764
Aug. 31	801,321
Sept. 30	761,827
Oct. 29	729,291
Nov. 30	760,166
Dec. 31	737,042
1944—	
Jan. 31	847,335
Feb. 29	960,617
Mar. 31	1,028,489

Daily Average Crude Oil Production For Week Ended April 22, 1944 Declined 4,800 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended April 22, 1944, was 4,427,350 barrels, a decrease of 4,800 barrels per day from the preceding week and 14,150 barrels per day less than the daily average figure recommended by the Petroleum Administration for War for the month of April, 1944. The current figure, however, is 514,750 barrels per day higher than the output in the week ended April 24, 1943. Daily production for the four weeks ended April 22, 1944 averaged 4,414,700 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,390,000 barrels of crude oil daily and produced 13,433,000 barrels of gasoline; 1,551,000 barrels of kerosene; 4,649,000 barrels of distillate fuel oil, and 8,552,000 barrels of residual fuel oil during the week ended April 22, 1944; and had in storage at the end of that week 88,729,000 barrels of gasoline; 6,743,000 barrels of kerosene; 30,495,000 barrels of distillate fuel, and 51,061,000 barrels of residual fuel oil. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations April	*State Allowables begin. Apr. 1	Actual Production Week Ended Apr. 22, 1944	Actual Production Change from Previous Week	Actual Production 4 Weeks Ended Apr. 22, 1944	Actual Production Week Ended Apr. 24, 1943
Oklahoma	328,000	328,000	†335,550	+ 3,650	332,300	341,450
Kansas	285,000	269,600	†263,800	— 8,500	265,900	318,800
Nebraska	1,000		†1,200	----	1,200	2,200
Panhandle Texas			91,100	----	91,500	91,000
North Texas			143,850	----	143,500	134,950
West Texas			374,000	----	365,700	214,450
East Central Texas			127,250	----	124,600	99,700
East Texas			362,300	----	363,000	319,800
Southwest Texas			293,050	----	292,700	188,500
Coastal Texas			518,800	----	517,500	340,750
Total Texas	1,916,000	‡1,918,794	1,910,350	----	1,898,600	1,389,150
North Louisiana			76,150	+ 100	76,300	88,400
Coastal Louisiana			282,500	----	282,900	257,900
Total Louisiana	347,700	374,700	358,650	+ 100	359,100	346,300
Arkansas	76,700	78,591	79,550	— 50	79,400	72,200
Mississippi	45,000		42,850	+ 2,000	41,600	53,650
Alabama			100	+ 50	100	----
Florida			50	----	50	----
Illinois	215,000		201,700	—13,650	214,400	225,250
Indiana	13,600		13,850	— 150	14,100	12,300
Eastern— (Not incl. Ill., Ind., Ky.)	72,400		72,500	+ 250	72,800	75,700
Kentucky	23,000		24,350	+ 2,250	22,000	21,150
Michigan	53,000		48,500	— 4,050	50,400	57,100
Wyoming	93,000		98,700	+10,050	91,200	92,300
Montana	24,000		21,500	----	21,500	20,250
Colorado	7,000		8,200	-- 300	8,400	6,850
New Mexico	111,700	111,700	112,050	— 850	112,700	97,250
Total East of Calif.	3,612,100		3,593,450	— 9,200	3,585,700	3,131,900
California	829,400	§829,400	833,900	+ 4,400	829,000	780,700
Total United States	4,441,500		4,427,350	— 4,800	4,414,700	3,912,600

*P.A.W. recommendations and state allowables, as shown above, represent the production of crude oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. April 20, 1944

‡This is the net basic allowable as of April 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 3 to 19 days, the entire state was ordered shut down for 7 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 7 days shutdown time during the calendar month. §Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED APRIL 22, 1944
(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuel Oil	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast Texas Gulf, Louisiana Gulf, North Louisiana-Arkansas, and inland Texas	2,518	90.3	2,220	88.2	6,761	38,697	14,928	15,439
Appalachian— District No. 1	130	83.9	110	84.6	333	2,265	803	220
District No. 2	47	87.2	56	119.1	145	1,389	92	116
Ind., Ill., Ky.	824	85.2	743	90.2	2,700	20,150	4,930	2,665
Okla., Kans., Mo.	418	80.2	354	84.7	1,169	8,429	1,469	1,198
Rocky Mountain— District No. 3	8	26.9	11	137.5	39	81	16	31
District No. 4	141	58.3	96	68.1	274	2,216	346	540
California	817	89.9	800	97.9	2,012	15,502	7,911	30,852
Total U. S. B. of M. basis April 22, 1944	4,903	87.3	4,390	89.5	13,433	†88,729	30,495	51,061
Total U. S. B. of M. basis April 15, 1944	4,901	87.3	4,447	90.7	13,784	**88,778	30,561	¶51,714
U. S. Bur. of Mines basis April 24, 1943			3,743		10,453	90,751	30,838	67,494

*At the request of the Petroleum Administration for War. †Finished, 76,743,000 barrels; unfinished, 11,986,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,551,000 barrels of kerosene, 4,649,000 barrels of gas oil and distillate fuel oil and 8,552,000 barrels of residual fuel oil produced during the week ended April 22, 1944, which compares with 1,651,000 barrels, 4,565,000 barrels and 8,933,000 barrels, respectively, in the preceding week and 1,500,000 barrels, 4,005,000 barrels and 8,070,000 barrels, respectively, in the week ended April 24, 1943. ¶On new basis due to reclassification of "Other" stocks in California. **On new basis to compare with week ended April 22, 1944: 77,022,000 barrels of finished gasoline and 11,756,000 barrels of unfinished gasoline.

Note—Stocks of kerosene April 22, 1944 amounted to 6,743,000 barrels, as against 6,477,000 barrels a week earlier and 5,219,000 barrels a year before.

Trading On New York Exchanges

The Securities and Exchange Commission made public on April 22 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended April 8, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended April 8 (in round-lot transactions) totaled 1,137,477 shares, which amount was 16.47% of the total transactions on the Exchange of 3,453,060 shares. This compares with member trading during the week ended April 1 of 1,809,445 shares, or 17.13% of the total trading of 5,281,510 shares. On the New York Curb Exchange, member trading during the week ended April 8 amounted to 257,000 shares, or 17.25% of the total volume on that exchange of 744,795 shares; during the April 1 week trading for the account of Curb members of 323,930 shares was 15.40% of total trading of 1,051,465 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED APRIL 8, 1944

	Total for Week	†%
A. Total Round-Lot Sales:		
Short sales	89,910	
‡Other sales	3,363,150	
Total sales	3,453,060	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	287,250	
Short sales	32,630	
‡Other sales	239,870	
Total sales	272,500	8.10
2. Other transactions initiated on the floor—		
Total purchases	173,990	
Short sales	13,010	
‡Other sales	160,120	
Total sales	173,130	5.03
3. Other transactions initiated off the floor—		
Total purchases	106,935	
Short sales	9,500	
‡Other sales	114,172	
Total sales	123,672	3.34
4. Total—		
Total purchases	568,175	
Short sales	55,140	
‡Other sales	514,162	
Total sales	569,302	16.47

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED APRIL 8, 1944

	Total for Week	†%
A. Total Round-Lot Sales:		
Short sales	6,260	
‡Other sales	738,535	
Total sales	744,795	
B. Round-Lot Transactions for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	63,005	
Short sales	3,785	
‡Other sales	71,170	
Total sales	74,955	9.26
2. Other transactions initiated on the floor—		
Total purchases	20,170	
Short sales	300	
‡Other sales	29,830	
Total sales	30,130	3.38
3. Other transactions initiated off the floor—		
Total purchases	29,325	
Short sales	1,200	
‡Other sales	38,215	
Total sales	39,415	4.61
4. Total—		
Total purchases	112,500	
Short sales	5,285	
‡Other sales	139,215	
Total sales	144,500	17.25
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	38,070	
Total purchases	38,070	
Total sales	25,624	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on April 22 a summary for the week ended April 15 of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended April 15, 1944

	Total for Week
Odd-Lot Sales by Dealers (Customers' purchases)	
Number of orders	16,794
Number of shares	457,507
Dollar value	$18,404,150
Odd-Lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sales	161
*Customers' other sales	17,067
Customers' total sales	17,228
Number of Shares:	
Customers' short sales	5,231
*Customers' other sales	418,294
Customers' total sales	423,525
Dollar value	$14,821,067
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	130
†Other sales	116,290
Total sales	116,420
Round-Lot Purchases by Dealers:	
Number of shares	144,790

*Sales marked "short exempt" are reported with "other sales."

†Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Lehman, Director-General Of UNRRA Returns From The Middle East

Former Gov. Herbert H. Lehman, Director General of the United Nations Relief and Rehabilitation Administration, who had recently visited Algiers and Cairo in the interest of relief for the populations of the Middle East Countries, has returned to the United States, having arrived at La Guardia Field on April 10, and on April 11 was taken to the Doctor's Hospital, for the treatment of an injury to his knee, suffered in a fall while alighting from a plane while abroad. With his arrival here Mr. Lehman learned of the death of his son, First Lieut. Peter G. Lehman of the United States Army Air Forces, who was killed on March 31 during maneuvers in a fighter somewhere in England. Lieut. Lehman was 27 years of age.

Under date of April 6 Associated Press advices from Cairo reported Mr. Lehman as stating that plans are completed for the United Nations Relief and Rehabilitation Administration to move into the Balkans with the Allied military forces. These advices added:

The purpose of his visit to Cairo, Mr. Lehman said, was to arrange for the UNRRA to absorb the Middle East Relief and Rehabilitation Administration and to discuss with military authorities plans for civilian relief in liberated Balkan countries.

"Excellent progress has been made in both spheres," he added, "and the MERRA will be absorbed about May 1."

At the time of his arrival in Algiers on March 15 on his way to Cairo to discuss relief with the exiled governments of Greece, Yugoslavia and Albania and with the Middle Eastern Relief Commission, Mr. Lehman said the operations of his organization in any given country would be under the authority of the military command and with supplies provided by the military organization. This was indicated in advices to the New York "Times" from Algiers, which added:

But at the end of the military operations, or whenever the military commander called upon it, the UNRRA would take over the responsibility for relief and draw upon its own supplies, Mr. Lehman explained.

He emphasized that the UNRRA would "keep out of politics," but would cooperate with recognized governments or distribute supplies itself in the absence of such governments.

Asked whether relief might not be a powerful political weapon that could be used against nascent Fascist regimes in disordered Europe, he said the UNRRA, representing 44 nations, had declared itself above political considerations.

Concerning Italy and other enemy countries, Mr. Lehman said the UNRRA would operate there only with the consent of the Allied Advisory Council for those countries and would not now go into Italy. As for France, whose officials he will see in Algiers, he said:

"The French Committee of National Liberation has notified the UNRRA that France will pay for relief supplies and it is likely the supplies will be turned over to the French Government for distribution. The UNRRA will do nothing that governments can do for themselves."

Revenue Freight Car Loadings During Week Ended April 22, 1944 Increased 39,989 Cars

Loading of revenue freight for the week ended April 22, 1944, totaled 839,954 cars, the Association of American Railroads announced on April 27. This was an increase above the corresponding week of 1943 of 45,791 cars, or 5.8%, but a decrease below the same week in 1942 of 21,403 cars or 2.5%.

Loading of revenue freight for the week of April 22, increased 39,989 cars, or 5.0% above the preceding week.

Miscellaneous freight loading totaled 385,691 cars, an increase of 12,271 cars above the preceding week, and an increase of 8,541 cars above the corresponding week in 1943.

Loading of merchandise less than carload lot freight totaled 107,021 cars, an increase of 2,171 cars above the preceding week, and an increase of 8,458 cars above the corresponding week in 1943.

Coal loading amounted to 175,305 cars, an increase of 10,658 cars above the preceding week, and an increase of 10,327 cars above the corresponding week in 1943.

Grain and grain products loading totaled 37,949 cars, an increase of 971 cars above the preceding week but a decrease of 7,265 cars below the corresponding week in 1943. In the Western Districts alone, grain and grain products loading for the week of April 22 totaled 23,775 cars, a decrease of 656 cars below the preceding week and a decrease of 7,155 cars below the corresponding week in 1943.

Live stock loading amounted to 15,615 cars, an increase of 788 cars above the preceding week, and an increase of 459 cars above the corresponding week in 1943. In the Western Districts alone loading of live stock for the week of April 22, totaled 11,847 cars, an increase of 720 cars above the preceding week, and an increase of 52 cars above the corresponding week in 1943.

Forest Products loading totaled 43,495 cars, an increase of 178 cars above the preceding week and an increase of 309 cars above the corresponding week in 1943.

Ore loading amounted to 60,131 cars, an increase of 12,711 cars above the preceding week and an increase of 24,748 cars above the corresponding week in 1943.

Coke loading amounted to 14,747 cars, an increase of 241 cars above the preceding week, and an increase of 214 cars above the corresponding week in 1943.

All districts reported increases compared with the corresponding week in 1943 except the Pocahontas, and Centralwestern. All districts reported decreases compared with 1942, except the Southwestern.

	1944	1943	1942
5 Weeks of January	3,796,477	3,531,811	3,858,479
4 weeks of February	3,159,492	3,055,725	3,122,942
4 weeks of March	3,135,155	3,073,445	3,174,781
Week of April 1	787,525	772,102	829,038
Week of April 8	789,324	789,019	814,096
Week of April 15	799,965	780,908	846,505
Week of April 22	839,954	794,163	861,357
Total	13,307,892	12,797,173	13,507,198

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended April 22, 1944. During the period 82 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS) WEEK ENDED APRIL 22

Railroads	Total Revenue Freight Loaded 1944	1943	1942	Total Loads Received from Connections 1944	1943
Eastern District—					
Ann Arbor	263	311	540	1,458	1,714
Bangor & Aroostook	2,018	1,252	2,023	343	298
Boston & Maine	6,913	5,900	7,395	15,281	14,353
Chicago, Indianapolis & Louisville	1,292	1,697	1,420	2,320	2,014
Central Indiana	38	43	34	45	50
Central Vermont	1,018	1,053	1,144	2,390	2,140
Delaware & Hudson	5,862	6,502	7,045	12,724	11,836
Delaware, Lackawanna & Western	7,663	7,255	8,544	10,891	12,448
Detroit & Mackinac	260	246	292	112	115
Detroit, Toledo & Ironton	1,736	1,729	1,831	1,292	1,357
Detroit & Toledo Shore Line	350	344	320	3,003	2,807
Erie	13,343	11,954	14,933	17,756	18,973
Grand Trunk Western	4,136	3,684	4,233	8,756	8,956
Lehigh & Hudson River	187	239	221	3,364	3,167
Lehigh & New England	2,143	1,591	2,351	1,725	1,716
Lehigh Valley	9,085	6,707	9,639	17,101	14,777
Maine Central	2,263	2,091	2,550	3,447	2,690
Monongahela	6,397	6,645	6,837	362	421
Montour	2,662	2,480	2,354	21	34
New York Central Lines	49,921	52,137	49,620	56,043	51,822
N. Y., N. H. & Hartford	10,860	9,744	11,446	19,853	18,395
New York, Ontario & Western	1,089	1,015	962	3,401	2,316
New York, Chicago & St. Louis	6,574	6,522	7,336	15,922	16,113
N. Y., Susquehanna & Western	436	511	541	2,133	1,748
Pittsburgh & Lake Erie	7,982	7,777	8,799	7,856	8,340
Pere Marquette	5,062	4,696	5,808	7,647	7,904
Pittsburg & Shawmut	847	739	774	15	30
Pittsburg, Shawmut & North	314	333	485	244	231
Pittsburgh & West Virginia	1,295	1,005	1,146	2,771	2,628
Rutland	482	336	501	1,026	989
Wabash	5,414	5,453	5,385	12,177	12,171
Wheeling & Lake Erie	5,697	4,435	5,879	4,109	4,735
Total	163,607	156,426	172,388	235,589	227,488
Allegheny District—					
Akron, Canton & Youngstown	744	826	686	1,145	1,417
Baltimore & Ohio	44,999	40,338	42,486	28,805	29,520
Bessemer & Lake Erie	6,658	2,658	6,983	2,148	1,700
Buffalo Creek & Gauley	348	307	339	4	5
Cambria & Indiana	1,653	1,843	1,946	9	9
Central R. R. of New Jersey	7,497	6,856	8,605	20,283	20,887
Cornwall	19	637	670	35	105
Cumberland & Pennsylvania	222	247	303	10	13
Ligonier Valley	128	122	151	36	59
Long Island	1,256	1,225	874	3,538	3,793
Penn-Reading Seashore Lines	1,787	1,662	1,725	2,645	3,136
Pennsylvania System	84,330	77,483	85,142	68,652	65,143
Reading Co.	15,816	14,426	17,184	29,572	27,404
Union (Pittsburgh)	20,375	20,880	21,147	7,174	4,229
Western Maryland	4,356	4,008	4,052	13,019	12,786
Total	190,188	173,518	192,293	177,075	170,206
Pocahontas District—					
Chesapeake & Ohio	28,956	28,580	29,669	13,948	13,424
Norfolk & Western	21,695	22,363	23,858	7,587	7,169
Virginian	4,270	4,750	4,613	1,895	2,239
Total	54,921	55,693	58,140	23,430	22,832
Southern District—					
Alabama, Tennessee & Northern	265	268	410	530	374
Atl. & W. P.—W. R. R. of Ala.	741	738	923	2,508	2,341
Atlanta, Birmingham & Coast	775	711	792	1,633	1,533
Atlantic Coast Line	13,348	14,652	13,729	11,588	10,533
Central of Georgia	3,602	4,345	4,156	4,773	4,933
Charleston & Western Carolina	418	392	446	1,913	1,858
Clinchfield	1,607	1,545	1,800	3,232	3,062
Columbus & Greenville	245	310	399	241	174
Durham & Southern	128	128	173	703	414
Florida East Coast	4,327	2,684	1,949	1,929	2,367
Gainesville Midland	39	40	43	171	119
Georgia	1,245	1,334	1,428	2,587	2,441
Georgia & Florida	361	358	410	710	661
Gulf, Mobile & Ohio	4,045	3,859	4,504	4,789	4,671
Illinois Central System	27,882	26,428	29,493	16,276	16,959
Louisville & Nashville	24,808	24,242	27,688	12,183	11,396
Macon, Dublin & Savannah	158	210	169	1,264	983
Mississippi Central	278	218	182	574	537
Nashville, Chattanooga & St. L.	3,302	3,095	3,469	4,574	4,899
Norfolk Southern	1,166	1,101	1,450	1,934	1,483
Piedmont Northern	403	351	445	1,235	1,330
Richmond, Fred. & Potomac	483	406	603	12,703	10,490
Seaboard Air Line	11,131	11,083	11,624	9,407	8,592
Southern System	23,313	21,694	25,890	24,511	24,236
Tennessee Central	680	463	799	963	814
Winston-Salem Southbound	154	116	137	1,024	936
Total	124,904	120,771	133,116	123,955	118,136
Northwestern District—					
Chicago & North Western	18,161	18,337	22,651	13,471	12,456
Chicago Great Western	2,374	2,490	2,410	3,200	3,061
Chicago, Milw., St. P. & Pac.	19,949	20,002	19,976	10,206	10,666
Chicago, St. Paul, Minn. & Omaha	3,217	3,116	3,895	3,894	3,705
Duluth, Missabe & Iron Range	20,227	12,055	20,343	202	217
Duluth, South Shore & Atlantic	560	481	932	598	423
Elgin, Joliet & Eastern	8,572	8,285	10,050	11,287	10,352
Ft. Dodge, Des Moines & South	394	471	650	91	104
Great Northern	20,027	12,445	19,352	6,182	5,498
Green Bay & Western	502	442	549	891	837
Lake Superior & Ishpeming	1,325	422	2,662	59	27
Minneapolis & St. Louis	1,864	2,105	2,226	2,577	2,579
Minn., St. Paul & S. S. M.	6,091	5,214	6,565	4,245	2,957
Northern Pacific	10,199	9,122	10,212	5,612	5,513
Spokane International	157	93	114	795	523
Spokane, Portland & Seattle	2,641	2,160	2,781	3,208	3,572
Total	116,260	97,240	125,373	66,518	62,490
Central Western District—					
Atch., Top. & Santa Fe System	21,475	22,796	21,821	13,957	13,828
Alton	*2,871	2,779	3,544	*3,967	4,001
Bingham & Garfield	495	467	642	66	78
Chicago, Burlington & Quincy	17,745	17,544	15,446	12,004	12,474
Chicago & Illinois Midland	3,138	2,496	2,723	1,029	821
Chicago, Rock Island & Pacific	10,854	12,595	11,557	13,299	14,297
Chicago & Eastern Illinois	2,547	2,967	2,495	7,086	5,763
Colorado & Southern	708	700	692	2,145	2,052
Denver & Rio Grande Western	3,173	3,117	2,400	6,121	6,280
Denver & Salt Lake	758	619	320	35	6
Fort Worth & Denver City	783	945	965	1,373	2,261
Illinois Terminal	1,937	1,865	1,977	2,119	2,044
Missouri-Illinois	1,017	1,061	1,519	541	563
Nevada Northern	2,036	2,094	2,030	104	122
North Western Pacific	785	1,041	1,090	692	590
Peoria & Pekin Union	3	7	10	0	0
Southern Pacific (Pacific)	29,436	29,105	29,722	15,424	14,650
Toledo, Peoria & Western	305	387	295	2,033	1,680
Union Pacific System	13,314	13,277	14,750	15,355	15,907
Utah	516	601	477	5	0
Western Pacific	2,011	1,943	2,176	3,928	3,194
Total	115,907	118,406	116,651	101,283	100,611
Southwestern District—					
Burlington-Rock Island	256	863	130	456	239
Gulf Coast Lines	7,306	7,488	5,590	2,365	2,228
International-Great Northern	2,676	2,437	2,387	4,654	4,028
Kansas, Oklahoma & Gulf	284	351	220	1,087	1,002
Kansas City Southern	6,093	5,742	4,504	2,796	3,144
Louisiana & Arkansas	3,318	2,840	2,913	2,652	2,733
Litchfield & Madison	349	309	329	1,167	1,001
Midland Valley	695	657	648	495	299
Missouri & Arkansas	187	153	219	405	407
Missouri-Kansas-Texas Lines	6,227	6,385	5,367	4,599	5,968
Missouri Pacific	16,493	16,919	16,084	21,722	19,449
Quanah Acme & Pacific	123	89	77	263	317
St. Louis-San Francisco	8,100	9,379	8,121	9,859	8,282
St. Louis Southwestern	3,193	3,589	3,060	7,196	6,244
Texas & New Orleans	12,645	11,620	9,371	5,415	5,547
Texas & Pacific	6,107	4,187	4,206	8,287	7,304
Weatherford M. W. & N. W.	101	81	138	127	19
Wichita Falls & Southern	14	20	32	32	23
Total	74,167	72,109	63,396	73,577	68,234

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1944—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Cumulative
Feb. 5	185,069	151,102	628,048	97	93
Feb. 12	154,797	151,870	630,449	97	94
Feb. 19	130,252	148,533	609,429	96	94
Feb. 26	151,980	139,044	621,875	93	94
March 4	178,375	146,926	650,606	95	94
March 11	152,627	144,761	655,682	95	94
March 18	136,105	150,940	639,537	95	94
March 25	125,806	147,604	613,978	97	94
April 1	138,724	141,959	607,537	93	94
April 8	179,056	144,422	635,727	94	94
April 15	145,936	143,883	636,176	92	94
April 22	138,712	158,871	610,555	98	94

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Mtg. Bankers Sponsor Farm Economy Meeting

A national conference, the principal objective of which will be to review present conditions in the farm mortgage field and study current price rises for farm lands and their relation to farm mortgage financing, has been called by the Mortgage Bankers Association of America. It will be held in Tulsa, May 11 and 12, in connection with the Association's third and final 1944 mortgage "clinic". R. O. Deming, Jr., Oswego, Kansas, a regional Vice-President of the Association, and member of its Farm Loan Committee, is arranging the meeting. J. S. Corley, Bankers Life Company, Des Moines, will act as moderator. Principal speakers announced by Mr. Deming will be Mr. E. C. Johnson of the Farm Credit Administration who will discuss the lender's attitude toward increasing farm land prices, and Dr. E. C. Young, Dean of the Graduate School of Purdue University who will talk on future trends in farm land values and prices. Last year Mr. Johnson was in Paraguay as agricultural finance advisor to that South American country. Dr. Young is regarded as an authority on our farm economy.

O'Connell Named As Counsel For Treasury

Joseph J. O'Connell Jr. of New York, assistant general counsel of the Treasury Department, was recently named by President Roosevelt as General Counsel of the Department, succeeding Randolph E. Paul, whose resignation was noted in our issue of March 30, page 1338.

Mr. O'Connell, who has been on the Treasury staff since February, 1938, went to Washington in 1933 as Public Works Administration counsel. Five years later he transferred to the Treasury as special assistant to the general counsel and later became ranking assistant to Mr. Paul. From Associated Press advices from Washington, April 12, we quote:

He served for a time as the Treasury's representative on the temporary National Economic (Monoply) Committee and after Pearl Harbor was detailed to supervise operations of the General Analine Film Co. at New York, until it was taken over by the Alien Property Custodian.

A graduate of the University of Vermont and Fordham Law School, Mr. O'Connell practiced law in New York in 1932. He is a native of Saranac Lake, N. Y.

Lumber Movement—Week Ended April 22, 1944

According to the National Lumber Manufacturers Association, lumber shipments of 512 mills reporting to the National Lumber Trade Barometer were 4.0% above production for the week ended April 22, 1944. In the same week new orders of these mills were 13.5% greater than production. Unfilled order files of the reporting mills amounted to 124.0% of stocks. For reporting softwood mills, unfilled orders are equivalent to 43 days' production at the current rate, and gross stocks are equivalent to 32 days' production.

For the year-to-date, shipments of reporting identical mills exceeded production by 8.3%; orders by 15.2%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 33.4% greater; shipments were 34.1% greater; and orders were 47.2% greater.

Items About Banks, Trust Companies

At a meeting of the Board of Directors of the City Bank Farmers Trust Co. of New York, held on May 1, Ralph E. Morton, Trust Officer, was elected a Vice-President. He has been with the company since 1921.

James Carey and Richard W. Kaiser have been promoted to the posts of Vice-Presidents of the Bank of New York, according to an announcement on April 23 by John C. Traphagen, President.

At a meeting of the Executive Committee of the Bankers Trust Co. of New York on April 27, George F. Valentine was elected Assistant Manager of the tax department.

The election of Daniel A. Finlayson, Jr. as an Assistant Vice-President of the Continental Bank & Trust Co. of New York, effective May 1, has been announced by the bank. Mr. Finlayson had been associated with the investment banking firm of Lazard Freres & Co. for the last 15 years in research and underwriting work. Before that he was with the Hanover National Bank. He has been assigned to the main office of the Continental Bank at 30 Broad Street.

The Board of Trustees of the Brooklyn Savings Bank, of Brooklyn, N. Y., announced April 28 that Adrian Van Sinderen has been elected President of the bank. Mr. Van Sinderen is a director of the Brooklyn Trust Co., the Brooklyn Chamber of Commerce, the Brooklyn Visiting Nurse Association and a Vice-President of the Long Island College of Medicine and of the Brooklyn Bureau of Charities. Mr. Van Sinderen as President of the Brooklyn Savings Bank succeeds Thornton Gerrish, who has been made Chairman of the bank's Board.

Leo C. McAuliffe, Executive Vice-President of the Mundet Cork Co., has been elected a trustee of the Lincoln Savings Bank of Brooklyn.

It was made known on April 23 that Charles D. Behrens, member of the real estate firm of Timm & Behrens, has been elected a trustee of the Kings County Savings Bank. Mr. Behrens was President of the Brooklyn Real Estate Board in 1939-'41. As a trustee of the bank he succeeds the late Robert M. King, President of the King Paint Manufacturing Co.

Announcement was made on April 25 by Allan Sproul, President of the Federal Reserve Bank of New York that the North Shore Bank Trust Co. of Oyster Bay, N. Y., has become a member of the Federal Reserve System effective April 26. It was further announced by Mr. Sproul that the Citizens Bank of Monroe, Monroe, N. Y., has been admitted as a member of the Reserve System effective April 25.

Announcement is made that the Garden City Bank & Trust Company, of Garden City, L. I., has arranged with Van Alstyne, Noel & Co., investment bankers of New York, for the underwriting of an offering of additional stock to the bank's present stockholders. Stockholders of record at the close of business April 19 will receive the right to subscribe for 6,000 additional shares of $25 capital stock at the rate of one new share for each old share held on that date, at a price of $35 per share. Warrants will expire at 3 p. m., EWT, May 10.

The stockholders at a special meeting on April 24 approved the issuance and sale of the additional shares, which will give the bank a total of 12,000 shares issued and outstanding. The Garden City bank, it is stated, is the first suburban New York bank to take steps to augment its capital since wartime deposits made such a step advisable. The decision to sell new shares is also in line with the trend toward wider distribution of bank shares. It is understood that any of the additional shares not taken by the present stockholders will be marketed publicly. As of March 31, 1944, the Garden City bank had total resources of $9,419,917, deposits of $8,950,685, and total capital funds of $446,352. Deposits on that date compare with deposits of $6,873,514 on March 31, 1943, and with $5,284,273 on March 31, 1942.

John P. O'Rourke, President of the O'Rourke Baking Co., has been elected a director of the Buffalo Industrial Bank, it was announced on April 26.

From the Rochester (N. Y.) "Times Union" it is learned that the Security Trust Co. through President Bernard E. Finucane recently announced that the Security was taking over the Pittsford and Fairport National banks. From the paper indicated we also quote:

"The deal will be on a cash basis, Mr. Finucane said, adding 'we are paying slightly more than the book value for them.'

"The Pittsford-Fairport deal came on the heels of an announcement Saturday that the Lincoln-Alliance Bank & Trust Co. was taking over the Geneva Trust Co., exchanging four shares of its own stock for three of the Geneva's bank.

Raymond N. Ball, Lincoln-Alliance President, said that application would be made to the State Banking Department for the issuance of 6,666 additional shares of common to consummate the deal.

"Both the Security and Lincoln-Alliance purchases are subject to approval of the State Banking Department.

"Security announced that E. G. McGinnis, President of the Fairport bank, and John R. Ellis, Executive Vice-President of the Pittsford bank, and their staffs will continue to operate their respective offices. The Fairport bank has total assets of $4,000,000 and the Pittsford bank, $2,000,000."

Russell G. Fessenden was re-elected President of the Boston Five Cents Savings Bank, of Boston, Mass., on April 12. Action was taken at the bank's 90th annual meeting at which time, according to the Boston "Herald," J. Reed Morss, Sumner Robinson and Francis Grey were re-elected Vice-Presidents. Thos. H. Carens, a Vice-President, was elected to the Board of Trustees. Additional corporators elected were Richard P. Chapman, Vice - President, Merchants National Bank; Francis W. Hatch, Vice-President, Batten, Barton, Durstine & Osborne, Inc.; William F. Kessler, Vice-President, First National Bank of Boston.

The First Boston Corporation made a secondary offering on May 1 of 14,000 shares of The First National Bank of Boston capital stock at $49 per share, less a concession of 75 cents per share to members of the National Association of Securities Dealers, Inc.

Stockholders of the Granite Trust Company of Quincy, Mass., voted on April 13 to increase the authorized capital stock from $650,000 to $750,000 by offering 1,000 shares of $100 par for subscription at $340 a share on the basis of 1 share for each 6½ shares held of record April 13. Subscription rights expired on April 20. The unsubscribed portion was sold to an underwriter. Advices to us in the matter, from President William J. Martin state that proceeds of the financing were allocated $100,000 to capital; $100,000 to surplus, and the remainder to undivided profits. As a result of this increase, we are also advised, the capital surplus, guaranty fund and undivided profits of the bank now total over $2,100,000.

Leroy A. Goodwin, Vice-President of the First Camden National Bank and Trust Co., of Camden, died on April 13. Mr. Goodwin was formerly President of the former Gloucester City Trust Co.; he also founded the Concrete Specialties Co. of Camden. He had formerly been President of the Camden Chamber of Commerce.

Ray E. Mayham, President of the West Side Trust Co., of Newark, N. J., announced April 22 the election of Anthony P. Miele, Judge Ferdinand D. Masucci and Samuel W. Rice as members of the Board of Directors. According to the Newark "Evening News" Mr. Miele is Secretary-Treasurer of Joseph Miele Construction Co. and Essex Superintendent of Elections, while Mr. Masucci is Judge of the Irvington District Court and Rice is President of Uco Food Corp.

W. Logan MacCoy, President of the Provident Trust Co. of Philadelphia, Pa., has announced the election of Francis W. Hall as Vice-President of the company, according to the Philadelphia "Inquirer" of April 30. Mr. Hall retains also his office as Treasurer of the trust company.

The Land Title Bank & Trust Co. of Philadelphia, Pa., announced on April 30 the opening of an office at 5228 Chestnut St., the first title branch to be opened by the company in Philadelphia. This, according to the Philadelphia "Inquirer," marks the fourth title office opened by the bank in recent years, the others being in the suburban section.. Land Title at the same time announced the election of William C. Neil as Manager of the West Philadelphia title office as Assistant Title Officer.

Admission of the Fidelity Deposit Bank of Derry Pa., to membership in the Federal Reserve System was announced on April 20 by M. J. Fleming, President of the Federal Reserve Bank of Cleveland. Located 55 miles east of Pittsburgh, the Fidelity Deposit Bank serves an area devoted to coal mining, manufacturing and farming. Its admission brings to 708 the number of member banks in the Fourth Federal Reserve District. The bank, founded ten years ago as an outgrowth of the First Savings & Trust Co., is capitalized at $50,000 and has a surplus of $39,000. G. H. McWherter, recently elected to the Common Pleas Court in Westmoreland County, is Chairman of the board of directors. Officers are A. C. Swartz, President; F. E. Bergman and Charles C. Fritz, Vice-Presidents; Michael Zsembik, Vice-President, Cashier and Secretary, and Paul Noel, Assistant Cashier and Assistant Secretary.

The Board of Directors of the Provident Savings Bank of Baltimore, Md., announced April 20 the election of George F. Needham as Assistant Vice-President. The Baltimore "Sun" notes that Mr. Needham was formerly President of the City Savings Bank, which was absorbed by the Provident several years ago. Other officers of the bank promoted on April 20 were Gerald W. Kirby and John E. Harris as Assistant Treasurers.

The Osage Valley Bank, Warsaw, Mo., became a member of the St. Louis Federal Reserve Bank on April 19.

The new member was chartered in 1891. It has a capital of $25,000, surplus of $15,000 and total resources of $586,795. Its officers are: C. E. Failer, President; O. C. Crudginton, Jr., Vice President; O. C. Crudginton, Cashier, and E. R. Still, Assistant Cashier.

J. M. Hutchinson, Vice-President of the Farmers and Merchants National Bank of Los Angeles on April 27, celebrated 50 years continuous service with that bank, it is learned from the Los Angeles "Times". Mr. Hutchinson joined the staff in 1894 as an office boy.

The Directors of the Security First National Bank of Los Angeles, California, on April 18, made promotions in its official staff as follows: W. H. Meservey, Vice-President at the head office; George E. Yousling, Vice-President of the Sixth and Spring St. office and A. J. Jessen, Vice-President of the Fresno, Cal. branch.

Roosevelt Says ILO Recommendations Will Contribute Toward "Decent World"

In a message to the International Labor Organization, at the opening session of its world conference in Philadelphia on April 21, President Roosevelt made the statement that "in your recommendations will lie the foundation of those agreements in the field of labor and social standards which must be part of any permanent international arrangement for a decent world." The President in his message also quoted an announcement by Secretary Hull in which he said, that the United States Government "is now working on plans for an international organization to maintain peace," and in which he also stated that "I see in the ILO a permanent instrument of representative character for the formulation of international policy, on matters directly affecting the welfare of labor and for international collaboration in this field." President Roosevelt's message, read at the Conference by Secretary of Labor Frances Perkins, was given in Philadelphia advices, by Paul Tobenkin, to the New York "Herald Tribune," as follows:

"To the members of the International Labor Conference:

"I send you greetings and a warm welcome. We are glad to have you in the United States. It is a privilege to welcome on our soil for the third time a general conference of your great organization.

"The conference that opens today is most significant in the annals of international gatherings.

"The mere fact that, in the tradition of the founders of the International Labor Organization, the conference still maintains its distinctive democratic tripartite character, is in itself of significance.

"As part of the regular constitutional machinery of the I. L. O., it also testifies to the vitality of one of the few international organizations which have continued to function throughout the war. The determination on the part of its member states that the I. L. O. should continue its activities during the war years is evidence of the indestructible tenacity of the democratic way of life. As representatives of the practical affairs of these nations—not only of their governments, but also of their workers and employers—you have come together to make plans and recommendations for the continuing improvement of labor standards and for raising the standard of living of the world's people.

"The tasks you are undertaking, even at the moment when the tide of war is mounting, bear testimony to the fact that the welfare of the world's population and their liberty are a first and ultimate concern of those dedicated to root out from this earth every trace of Nazi ideas and Nazi methods.

"We know that the conditions of a lasting peace can be secured only through soundly organized economic institutions, fortified by humane labor standards, regular employment and adequate income for all the people.

"Within the field of your activity the United Nations have no need to extemporize a new organization, the ways and means for obtaining this underwriting of a permanent peace are among the items on the agenda of your conference. In your recommedations will lie the foundation of those agreements in the field of labor and social standards which must be part of any permanent international arrangement for a decent world.

"The Secretary of State, Cordell Hull, has already publicly announced that the Government of the United States is now working on plans for an international organization to maintain peace. He has also referred to the 'economic and other co-operative arrangements' which must be made in order that the peoples of the world may 'have the opportunity through their own efforts to improve their material condition.'

"As part of these plans and international arrangements, I see in the I. L. O. a permanent instrument of representative character for the formulation of international policy on matters directly affecting the welfare of labor and for international collaboration in this field.

"I see it as a body with the requisite authority to formulate and secure the adoption of those basic minimum standards that shall apply throughout the world to the conditions of employment. As part of these arrangements also, I see in the I. L. O. an organization which shall serve the world for investigation and research, for discussion and debate. But more than that, it must be the agency for decision and for action on those economic and social matters related to the welfare of working people which are practical for industry, and designed to enhance the opportunities for a good life for peoples the world over.

"It is to the I. L. O. that we shall look as the official international organization where ideas, experience and movements in the field of labor and social development may find practical and effective expression."

Secretary Hull's remarks, referred to above were noted in our issued of April 3, page 1529.

Adv. Group Calls Off Its Annual Convention

Indefinite postponement of the annual meeting of the Advertising Federation of America scheduled in Chicago for June 4-7, was announced on April 13 by Joe M. Dawson, President. "First consideration in all our affairs today goes to helping win the war," Mr. Dawson said. "It is necessary that all traveling be cut to an irreducible minimum so that the country's transportation facilities be free to carry more troops and war materials on their way to being shipped overseas for the fighting fronts," Mr. Dawson added.

"Our board of directors has voluntarily postponed our annual convention to cooperate with the Office of Defense Transportation in order that the travel facilities we would require may be made available to meet the war needs. This action will not affect our war advertising activities. We are urging all our affiliated Advertising Clubs throughout the United States to continue their efforts to promote advertising for war bonds, Red Cross and all other war-supporting activities."